

6/6/77 [2]

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memo	From Andrew Young to The President (2 pp.) re: weekly activities of U.S. Mission to the U.N./ enclosed in Hutcheson to Vice President <u>et.al</u> 6/6/77 2 copies <i>Opened 6/1/92</i>	6/3/77	A

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THE PRESIDENT'S SCHEDULE

Monday - June 6, 1977

7:45 Dr. Zbigniew Brzezinski - The Oval Office.

8:15 Mr. Frank Moore - The Oval Office.

8:30 Senior Staff Meeting - The Roosevelt Room.

9:00 Meeting of the Cabinet. (Mr. Jack Watson).
(2 hrs.) The Cabinet Room.

11:00 Mr. Jody Powell - The Oval Office.

✓ 11:50 Greet Capitol Page School graduates.
(10 min.) (Ms. Fran Voorde) - The Rose Garden.

12:00 Lunch with Vice President Walter F. Mondale.
The Oval Office.

✓ 1:30 Budget Review Meeting. (Mr. Bert Lance).
(2 hrs.) The Cabinet Room.

EYES ONLY

THE WHITE HOUSE

WASHINGTON

June 6, 1977

The Vice President
Midge Costanza
Stu Eizenstat
Hamilton Jordan
Bob Lipshutz
Frank Moore
Jody Powell
Jack Watson

Re: Cabinet Summaries

The attached were returned in the President's
outbox and are forwarded to you for your personal
information.

Rick Hutcheson

Attachments:

Reports from Treasury, Transportation,
HUD, HEW, CEA, United Nations, Labor,
Interior, CEQ, Agriculture, Commerce

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

C
/

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson

Jack

June 3, 1977

RE:

Cabinet Summaries for Week of May 30 -
June 3, 1977; Miscellaneous Items

I attach summaries received from the following departments:

Agriculture	Interior
Commerce	Labor
CEA	Transportation
Defense	Treasury
HEW	UN
HUD	CEQ

Miscellaneous Items

I am attaching as a weekly report a memorandum from Max Cleland outlining the status of his operations at VA.

We received a letter from Governor Godwin of Virginia regarding disaster assistance, which reads in part as follows:

I would like to offer you the sincere thanks of the Commonwealth of Virginia and convey to you my personal appreciation for the wonderful response of Federal personnel to our disaster in Southwest Virginia. The swift action by your agency in bringing together the resources of the federal government to help us was almost unbelievably efficient. We are particularly grateful for the sensitive and willing attitude displayed by the personnel of the various agencies, especially when we know that they were (and are) far away from their homes and working day and night under most difficult circumstances to help us.

* * *

Comparing this response to our earlier disaster of "Camille" in 1969, and "Agnes" in 1972, I must say that you all are to be commended for the high level of efficiency you have attained. It is obvious that you have worked very hard to improve response and have been successful in your efforts.

I have expressed your appreciation to Tom Dunne, Walter Kallaur and others who are responsible for that fine work and under always difficult circumstances.

CC: The Vice President

CC
Blumenthal
Kraft

THE WHITE HOUSE
WASHINGTON

June 6, 1977

Secretary Blumenthal

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

cc: Tim Kraft

Re: Energy Taxes



THE PRESIDENT HAS SEEN.
THE SECRETARY OF THE TREASURY
WASHINGTON 20220

June 3, 1977

1977 JUN 3 PM 2 10

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Highlights of Treasury Activities

1. ENERGY TAXES

The House Ways and Means Committee begins mark-up of the Administration's program on Monday, June 6. I am coordinating our effort to monitor their progress as closely as possible. We will attend all sessions with Larry Woodworth as the Administration spokesman on all tax matters vis a vis the Committee. Meanwhile, I will work closely with Jim Schlesinger, and others as needed, to review our strategy as likely Committee action becomes clearer. It is too early to predict what amendments will emerge but the small car rebate and the standby gasoline taxes are clearly in trouble. As we see that there is no chance to get them, we will have to be ready to steer the Committee toward alternative approaches to achieve our objectives. It may be necessary for Jim and me to meet with you at least once a week to review progress and get your directions. *sk*

2. INTERNATIONAL FINANCIAL INSTITUTIONS

I attended the annual meeting of the Inter-American Development Bank in Guatemala from Sunday through Tuesday. We used the meeting to promote three basic U.S. objectives:

- Demonstration of our commitment to Latin American development, and U.S. cooperation in all phases of that process.
- Our concern for human rights, including its promotion through our participation in the development banks. We had extremely candid bilateral meetings on this subject, particularly with Argentina and Chile. The Argentine Minister of Economy asserted that their human rights posture was improving dramatically, and that all abusive practices would end within a few months; this is a hopeful sign, though we cannot be sure it will eventuate.

- Our concern over excessive salaries at the Bank.
We succeeded in delaying any action on a further
raise for Executive Directors, and made clear that
future U.S. support was closely related to prudent
management of costs.

The Latins expressed some muted concern over our use of the Bank to promote human rights, but focused primarily on the continued lag in U.S. fulfillment of its financial commitments to the Bank. We fell \$144 million short in the FY 1977 supplemental appropriation, and were cut another \$75 million in the recent House Appropriations Subcommittee mark-up for FY 1978. I believe that Congressional support for our effort will be enhanced by my being accompanied by six Congressmen to Guatemala, but we will have to continue major efforts to ensure substantial funding of our pledges to all of the international financial institutions. On the Senate side, the Subcommittee on Foreign Operations of the Appropriations Committee is scheduled to begin mark-up of the IFI bill around June 14, but this will probably be delayed until the House completes its action. Although we have visited all the Senators, we do not have firm indications of what actions they will take in light of the cuts in the House. I expect to see Senator Inouye this coming week, both to report on my IDB trip and to begin maintaining close contact with him as IFI appropriations move to the Senate.

3. FOREIGN CURRENCIES AND CONGRESSIONAL TRAVEL

The Comptroller General's decision severely restricting use of foreign currencies for Congressional travel abroad, mentioned in our report to you of May 25, was quietly put into effect on May 27 with issuance of instructions to our Embassies. House and Senate have both agreed to new procedures for reimbursing Treasury for foreign currencies used in Members' travel (except in countries where we hold local currency in excess of our needs). The Congressional leadership was very appreciative of the way in which we handled this rather sensitive matter.

4. REFORM OF FINANCIAL INSTITUTIONS

We have carried on complicated negotiations with the Federal Reserve to coordinate views on the Administration bill which we have been asked to send up to the Hill by Wednesday of next week. Most issues have been resolved. Those which have not relate, on the one hand, to my seeking to protect the earnings of the Treasury and, on the other, insuring that the Federal Reserve's role is not enhanced beyond the present situation. (Both of these are matters on which Arthur Burns and I have had difficulty coming together.) I will keep you informed.

5. THE NEW IMF (WITTEVEEN) FACILITY

Parallel with Prince Fahd's visit to Washington, I met with his Finance Minister. We are pushing hard to convince the Saudis to increase their informal offer of \$2-1/2 billion contribution to at least \$3 billion or more. Cy Vance did the same with the Foreign Minister. The Saudis are the key OPEC country and their contribution will determine the amounts put in by others. I also met with the Venezuelan Finance Minister, while in Guatemala, to push in the same direction. The outcome should be known later this month.

6. PRESS CONFERENCE

I met with the press on the morning of Thursday, June 2. In response to questions I expressed concern over the prime rate, but refused to be drawn into comment on Federal Reserve policy; the wire services reported me later as having "expressed less concern about the interest rate issue than Budget Director Bert Lance did yesterday". Other questions involved the inflation rate, which I thought would abate by year's end; the trade deficit, which I estimated at \$23 to \$25 billion for 1977; and tax reform, where I avoided suggesting a deadline and listed our goals as simplification, equity, and economic stimulation.

7. CUSTOMS INSPECTION OF MAIL

Press reports earlier this week drew attention to the fact that Customs opens and inspects some letters and parcels from overseas to determine whether they contain illegal or dutiable items. The reports noted a ruling against such searches without a warrant, by the U.S. Court of Appeals for the District of Columbia. The ruling, which has been appealed to the Supreme Court, is an exception to a series of rulings since 1882 which have recognized the authority of Customs to conduct warrantless searches based upon less than probable cause. Customs is very selective about the letters it opens (about one in four thousand); the searches resulted in 4,412 drug seizures in fiscal 1976.

8. EEO ACTION AGAINST BANK

The Government moved for the first time to enforcement action against a bank that failed to submit an Affirmative Action Program. The action against the National Bank of Commerce, San Antonio, Texas, would debar the bank from

present and future Government contracts. The move was precipitated by a suit filed by the bank in December against the Treasury and Labor Department's Office of Federal Contract Compliance Programs, challenging the Government's right to make the bank draw up an AAP.

Mike

W. Michael Blumenthal

THE WHITE HOUSE
WASHINGTON

June 6, 1977

Secretary Adams -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: No Fault Insurance

T

OUSE

IN

12/10/1964

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER
	Comments due to Carp/Huron within 48 hours; due to Staff Secretary next day

	FOR STAFFING
	FOR INFORMATION
	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
	BOURNE
	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE



THE PRESIDENT HAS SEEN.
THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

To Brock
J

June 3, 1977

1977 JUN 5 PM 4 02

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

Alan A Butchman

SUBJECT: DOT Issues for Presidential Review

FROM: Acting Secretary Alan A. Butchman

Secretary Adams is on travel this week attending the European Conference of Ministers of Transport in Athens and the International Aviation meeting in Paris. He asked that I provide an update on the following items now pending at the Department.

ACTION

No-Fault Insurance

The Department has been asked to testify on July 16 on a proposal to adopt a Federal no-fault automobile accident law. In the past, DOT has endorsed the idea of no-fault insurance, but has not supported adoption of a Federal no-fault law.

Based upon your approval of our January 26 White House memorandum which suggested study of this idea, the Department has been conducting a review of the experiences of the 16 States now operating no-fault laws.

This work is nearly complete and I will be ready to recommend a course of action before the end of June.

☐ I would like to be involved in this decision

☒ Proceed, but keep me informed

INFORMATION

Energy Plan Hearings - Continued

On May 27, Secretary Adams appeared before the House Energy and Power Subcommittee, chaired by Representative Dingell, to discuss the capacity of the Nation's transportation system to handle the increased demands resulting from your

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Energy Plan. He informed the Subcommittee that the system has the capacity to meet short-term increases, and that anticipated expansion will also permit it to meet longer-term demands.

In a related hearing, representatives from the Department's Federal Highway Administration and the Urban Mass Transportation Administration will testify before the House Government Activities and Transportation Subcommittee on the Federal Van Pooling Program included in the Energy Plan. This hearing will begin on June 8th. On June 2, during consideration of the Energy Department legislation, the House approved an amendment by Congressman Edgar to transfer FEA's \$1 million Van Pooling Program to DOT. We intend to support the transfer.

We will continue to keep your staff and Dr. Schlesinger closely advised of our efforts to support the Energy Plan proposals.

Concorde - Latest Developments

The House of Representatives will consider the DOT Appropriations bill on June 8. At that time, Congressman Koch and other Members of the New York delegation will offer an amendment to ban the Concorde from landing at JFK International Airport. The same amendment was defeated last year by 58 votes.

The Department has prepared a letter to Congressman McFall from Secretary Adams indicating our opposition to the amendment. We will be working with the House and Appropriations Committee leaders to defeat the Concorde ban. ok

As you know, the Justice Department will file its brief in the U. S. Court of Appeals on Monday, June 6. The press reaction to this filing may influence the vote on the Koch amendment.

Deepwater Ports

In January 1977, Secretary Coleman signed two deepwater port licenses authorizing LOOP Inc., of New Orleans and Seadock, Inc., of Freeport, Texas to develop deepwater ports. Under the terms of the license, the firms have until August 2, 1977, to comply with all the provisions of the agreement.

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Both firms are now negotiating with us on the numerous technical aspects of these licenses. At the same time, our General Counsel staff is working with Justice Department personnel regarding alleged anti-trust violations contained in the Coleman agreements.

The Secretary hopes that both the legal and technical issues can be resolved and you can review this issue by mid-July.

THE WHITE HOUSE
WASHINGTON

June 6, 1977

Secretary Harris

**The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.**

Rick Hutcheson

Re: Foot Stamps and
Housing Assistance

cc Harris



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

June 3, 1977

THE PRESIDENT HAS SEEN.

1977 JUN 3 PM 4 00

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Robert C. Weaver to Head FHA Task Force. On Wednesday, June 1, I announced that the Department is establishing a task force, to be chaired by Robert C. Weaver, first HUD Secretary, to make recommendations on the future role of the Federal Housing Administration. The names of other members will be announced before the first meeting, to be held June 15 in the HUD building. There will be three other meetings, on June 21, 22 and 30. All meetings will be open to the public. The task force will review the present role of the Federal Housing Administration, consider alternative roles, and make recommendations to me. I have asked the task force to complete its work prior to hearings on FHA's role by the Senate Committee on Banking, Housing and Urban Affairs, expected to be conducted in July.

FHA Interest Rate Rises to 8-1/2 Percent. Effective May 31, HUD has increased the maximum allowable interest rate for FHA and VA single-family mortgages from 8 to 8-1/2 percent. This increase was necessary to bring FHA/VA interest rates in line with other competitive rates in the mortgage and financial markets.

The change is expected to increase the availability of FHA financing for moderate income homebuyers and sellers, who are the major beneficiaries of FHA-insured mortgage financing. At the 8 percent rate, home sellers were required to pay 4 or 5 discount points (one point is one percent of the mortgage) to lending institutions in order to produce a competitive return on their investment.

The higher rate should reduce the discount to 2 or 2.5 points, thereby stimulating the housing market.

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Sewer Moratoria and New Housing Development. HUD has distributed the Guidebook to Wastewater Management for New Housing Development to the User Requirements Committee for final review. Preparation of the Guidebook involved a background examination of the problem of sewer moratoria nationwide which determined that approximately 400 jurisdictions, with 9.5 million people, are limiting new housing construction because of sewer moratoria. The Guidebook focuses on short- and long-term actions, both administrative and technological, that can be taken by local governments to prevent or alleviate the problem.

Action Teams for HUD Problem Projects. A special HUD team has been formed to review recommendations and propose options for rehabilitating and upgrading the large number of unoccupied buildings, shopping facilities and the swimming pool at the Congress Park Apartments, located in Anacostia area of Washington, D. C. The purpose of the team effort is to identify innovative and creative solutions to provide decent housing for low-income families in HUD-owned problem projects. If this team effort proves successful, we will expand the idea to other problem projects.

Voluntary Concepts Highlighted at National Fair Housing Conference. On June 1, I gave the keynote address opening the HUD-sponsored National Conference on Voluntary Concepts and Programs in Support of Fair Housing. Over 650 participants who registered for the three-day conference discussed such topics as the status of fair housing in America, national voluntary compliance agreements and programs with housing industry groups, comparability of law enforcement and voluntary compliance, and innovative approaches to voluntary compliance in fair housing and citizen groups. Special strategy sessions for life insurance and other corporation representatives provided ideas on how these institutions could support fair housing.

As part of the Conference, a reception and HUD award ceremony honored 15 distinguished supporters of fair housing and equal opportunity.

HUD Stands Firm -- Cities Accept Subsidized Housing. Community Development Block Grant applications from Boca Raton, Florida and Morganton, North Carolina were expected to be disapproved on May 27 because of inadequate Housing Assistance Plans. However, both were saved from disapproval when the City Councils passed last minute resolutions satisfying HUD requirements. Boca Raton agreed to apply immediately

for available Section 8 Existing Housing funds; Morganton amended its Housing Assistance Plan to include goals for Section 8 Existing Housing.

Solar Energy Grants Announced. On Tuesday, May 31, the Department announced the award of more than \$6 million in grants to buy and install solar heating, cooling and hot water equipment in 3,468 single and multifamily dwelling units. The grants, which are the third of five scheduled cycles of residential solar demonstration awards, involve 169 projects in 44 States. The grants go to developers, non-profit groups, public housing authorities, Indian tribes, and others involved in the development of housing projects.

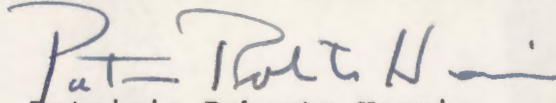
Major Disaster Activity. In the four State Appalachian flood disaster area, 145 of 177 project applications expected for grant assistance to State and local government applicants have been approved. The total cost of this assistance is expected to exceed \$45 million.

Steady progress also is being made in providing disaster program assistance for individual victims. As of May 31, 4,350 families have been housed, more than 13,000 disaster victims have received disaster unemployment assistance and 1,972 have been approved for grants under the Individual and Family Grant Program.

HUD Opposes Proposed Food Stamp Amendment Which Would Count Housing Assistance Benefits as Income. The Department, in a letter to House Agriculture Committee Chairman Thomas Foley, expressed strong opposition to a proposed amendment to the omnibus farm authorization bill which would require counting as income, for purposes of determining eligibility for food stamps, the full actual or imputed value of housing assistance benefits received under all of the Department's housing assistance programs. The Department strongly opposes the amendment because it would create serious inequities among similarly situated needy families, and could literally force families in need of both housing and food stamp assistance to choose between the two. ?

Senate Floor Action Due on the Housing and Community Development Act of 1977, and Federal Flood Insurance Amendment. The Senate is scheduled to take up the Housing and Community Development Act of 1977 when it returns from recess on Monday, June 6. Voting on amendments probably will begin on Tuesday. The most troubling amendment is one which Senators Eagleton and Tower are expected to offer to delete key provisions in the Flood Disaster Protection Act. A similar amendment passed in the House.

The amendment would permit a community to allow uncontrolled development in its flood plain. It is being vigorously opposed by HUD, OMB, CEQ and other Federal agencies. However, the amendment appears to have strong support in the Senate and is being vigorously lobbied by the National Association of Homebuilders, the banks and savings and loans, and the realtors, among others. Lobby groups opposing the amendment include the American Red Cross, the League of Women Voters and Environmental groups. At this point, there appears to be a real risk that the amendment will pass and become law.

A handwritten signature in dark ink, appearing to read "Pat Roberts Harris", with a stylized flourish at the end.

Patricia Roberts Harris

17
encl

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

JUN 2 1977

1977 JUN 3 AM 8 28

RL

THE PRESIDENT HAS SEEN.

MEMORANDUM FOR: The President

I am in receipt of your Environmental Message to Congress, as well as your memorandum requesting me to give immediate attention to directives concerning urban homesteading, rehabilitation, and intergovernmental coordination. I have directed the appropriate Assistant Secretaries to take action to carry out these directives.

Your Environmental Message also contains directives concerning (1) Flood Plain Management and (2) the quality of environmental impact statements prepared under the National Environmental Policy Act, both of which will require the attention of, and action by, the Administrator of the Federal Insurance Administration, the Assistant Secretaries of Housing and Community Planning and Development, as well as the General Manager of the New Communities Administration. Please be assured that I, as well as all the employees of this Department, will give these additional directives our immediate attention and that we will do everything possible to support the initiatives you have taken to improve our environment.

Patricia Roberts Harris
Patricia Roberts Harris

THE WHITE HOUSE
WASHINGTON

June 6, 1977

Secretary Califano -

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Tax Reform
Talmadge Bill (Physician
Reimbursement)
Saccharin

THE WHITE HOUSE
WASHINGTON

ACTION	FYI		
		MONDALE	ENROLLED BILL
		COSTANZA	AGENCY REPORT
		EIZENSTAT	CAB DECISION
		JORDAN	EXECUTIVE ORDER
		LIPSHUTZ	Comments due to
		MOORE	Carp/Huron within
		POWELL	48 hours; due to
		WATSON	Staff Secretary
			next day

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND

ARAGON	KRAFT
BOURNE	LANCE
BRZEZINSKI	LINDER
BUTLER	MITCHELL
CARP	POSTON
H. CARTER	PRESS
CLOUGH	B. RAINWATER
FALLOWS	SCHLESINGER
FIRST LADY	SCHNEIDERS
GAMMILL	SCHULTZE
HARDEN	SIEGEL
HOYT	SMITH
HUTCHESON	STRAUSS
JAGODA	WELLS
KING	VOORDE



THE PRESIDENT HAS SEEN.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

June 3, 1977

T. Joe
J

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities within the Department of Health, Education and Welfare.

• Welfare Reform, Tax Reform and National Health Insurance:

If tax reform is sent to the Congress either before or simultaneously with welfare reform, there will likely be no welfare reform enacted in this Congress. The only hope would be a special committee with full legislative authority (unlike the special energy committee in the House, which essentially has only the power to make sure the bills are procedurally coherent).

The most recent tax reform package which I have had a chance to review raises serious issues in the context of Welfare Reform and National Health Insurance:

Joe - Go
over Treasury
plan (tentative)
- Stu or Charlie -

-- Under the \$200 credit and the rate schedule presently proposed, a family of four becomes taxable at \$8,367. That tax threshold is not geared to the threshold at which a working welfare recipient stops receiving any Government subsidy (\$9,400). The reform proposals should be consistent.

-- It is important to move coherently on all health and medical tax deductions for individuals and corporations (employee health plans for example, untouched by present reform proposals, cost \$4.5 billion in corporate tax deductions) as part of the National Health Insurance package.

-- The proposed partial integration of corporate dividends costs \$9.9 billion in lost revenues from

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for Preservation Purposes**

*Reductions
inevitable - with
or without
reform*

taxes on stockholders. I seriously question the wisdom of this, particularly when contrasted with a no-cost welfare system for the poor and Administration hints of a veto of the HEW-Labor appropriations bill.

-- Two other items of legislative strategy:
(1) submission of the tax reform legislation too soon could kill your Social Security and Hospital Cost Containment legislation; (2) if you start with a tax reform that costs the Treasury \$14 billion in revenue, I believe you will end up with only some of your reform and a loss of revenue closer to \$20 billion than \$14 billion.

- Cost Containment: On June 7, I will testify before the Finance Health Subcommittee on Senator Talmadge's bill, which attempts to reform the administrative and reimbursement procedures currently employed under the Medicare and Medicaid programs. During the campaign, you generally indicated support for the concept of prospective reimbursement and favorably mentioned the Talmadge bill (then in different form) without expressly endorsing it.

As you know, some in the press and on the Hill have placed your Cost Containment proposal and the Talmadge bill in opposition. My general approach in the testimony will be to congratulate Senator Talmadge and his Health Subcommittee on their foresight in identifying major problems in our health care delivery system. We have already adopted or drawn on certain of their proposals -- e.g. our support for Medicare and Medicaid Fraud and Abuse legislation and our Departmental reorganization of health care financing.

With respect to hospital costs, however, I will stress that the Administration proposal is an absolutely vital short-term effort, and that the Talmadge bill does not really address the problem of near-term cost control. Indeed, our estimates show that there will be no savings from the Talmadge bill's hospital cost provisions; they will actually cost \$45 million in FY 78.

At present, we do not believe the methodology exists for classifying hospitals in the manner envisioned by the Talmadge hospital prospective reimbursement provision, although the general approach is appropriate for the middle or long term as we develop more sophisticated classification techniques.

Take position
"we support it &
go further"

I anticipate that there will also be a number of questions about HEW's reorganization efforts.

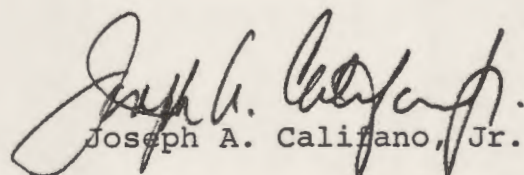
Finally, with respect to other major provisions of the Talmadge bill (e.g. physician reimbursement), I will simply say that they all identify important but complex problems and that we are not yet ready to agree or disagree with the precise solutions advanced in the legislation. Talmadge may charge that I am backing off a commitment you made to support his bill.

- New York Visit: I will be delivering the commencement address at City College of New York on Sunday. The address will emphasize that equality of opportunity in education is compatible with educational excellence, and I will discuss the benefits to society of affirmative action in education. On Monday, I will visit HEW facilities and meet with representatives of the New York City school system. Under Secretary Hale Champion will attend the Cabinet meeting in my absence.
- The Aged and Social Security: On Wednesday, I speak to the National Council of Senior Citizens and try to get them to campaign strongly for our Social Security legislation, which they have endorsed.
- Recombinant DNA Legislation: Congress is developing its own legislation to regulate research on and use of recombinant DNA. In the House, Representative Paul Rogers' Health Subcommittee is working on a new bill (H.R. 7418) which incorporates many of the features of the Administration bill, but adds several provisions governing the licensing of facilities by local bio-hazards committees. It also strengthens the provision for Federal pre-emption of local and State regulations. Unlike Senator Kennedy's bill, the Rogers bill would assign responsibility for recombinant DNA research and use to HEW. Kennedy wants to create a new commission to do this; we strongly oppose the Kennedy bill, as will many scientists.

Q
/

Why not put
"cigarette" warning
on saccharin?

J


Joseph A. Califano, Jr.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE
WASHINGTON

Transmitted

MEMORANDUM TO: THE PRESIDENT

FROM:

Jack Watson *Jack*

June 3, 1977

RE:

Cabinet Summaries for Week of May 30 -
June 3, 1977; Miscellaneous Items

I attach summaries received from the following departments:

Agriculture
Commerce
CEA
Defense
HEW
HUD

Interior
Labor
Transportation
Treasury
UN
CEQ

Miscellaneous Items

I am attaching as a weekly report a memorandum from Max Cleland outlining the status of his operations at VA.

We received a letter from Governor Godwin of Virginia regarding disaster assistance, which reads in part as follows:

I would like to offer you the sincere thanks of the Commonwealth of Virginia and convey to you my personal appreciation for the wonderful response of Federal personnel to our disaster in Southwest Virginia. The swift action by your agency in bringing together the resources of the federal government to help us was almost unbelievably efficient. We are particularly grateful for the sensitive and willing attitude displayed by the personnel of the various agencies, especially when we know that they were (and are) far away from their homes and working day and night under most difficult circumstances to help us.

* * *

Comparing this response to our earlier disaster of "Camille" in 1969, and "Agnes" in 1972, I must say that you all are to be commended for the high level of efficiency you have attained. It is obvious that you have worked very hard to improve response and have been successful in your efforts.

I have expressed your appreciation to Tom Dunne, Walter Kallaur and others who are responsible for that fine work and under always difficult circumstances.

CC: The Vice President



THE PRESIDENT HAS SEEN.

THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

To Brock
J

June 3, 1977

1977 JUN 3 PM 4 02

MEMORANDUM FOR THE PRESIDENT

THROUGH: Jack Watson

Alan A Butchman

SUBJECT: DOT Issues for Presidential Review

FROM: Acting Secretary Alan A. Butchman

Secretary Adams is on travel this week attending the European Conference of Ministers of Transport in Athens and the International Aviation meeting in Paris. He asked that I provide an update on the following items now pending at the Department.

ACTION

No-Fault Insurance

The Department has been asked to testify on July 16 on a proposal to adopt a Federal no-fault automobile accident law. In the past, DOT has endorsed the idea of no-fault insurance, but has not supported adoption of a Federal no-fault law.

Based upon your approval of our January 26 White House memorandum which suggested study of this idea, the Department has been conducting a review of the experiences of the 16 States now operating no-fault laws.

This work is nearly complete and I will be ready to recommend a course of action before the end of June.

☐ I would like to be involved in this decision

☒ Proceed, but keep me informed

Energy Plan Hearings - Continued

INFORMATION

On May 27, Secretary Adams appeared before the House Energy and Power Subcommittee, chaired by Representative Dingell, to discuss the capacity of the Nation's transportation system to handle the increased demands resulting from your

Energy Plan. He informed the Subcommittee that the system has the capacity to meet short-term increases, and that anticipated expansion will also permit it to meet longer-term demands.

In a related hearing, representatives from the Department's Federal Highway Administration and the Urban Mass Transportation Administration will testify before the House Government Activities and Transportation Subcommittee on the Federal Van Pooling Program included in the Energy Plan. This hearing will begin on June 8th. On June 2, during consideration of the Energy Department legislation, the House approved an amendment by Congressman Edgar to transfer FEA's \$1 million Van Pooling Program to DOT. We intend to support the transfer.

We will continue to keep your staff and Dr. Schlesinger closely advised of our efforts to support the Energy Plan proposals.

Concorde - Latest Developments

The House of Representatives will consider the DOT Appropriations bill on June 8. At that time, Congressman Koch and other Members of the New York delegation will offer an amendment to ban the Concorde from landing at JFK International Airport. The same amendment was defeated last year by 58 votes.

The Department has prepared a letter to Congressman McFall from Secretary Adams indicating our opposition to the amendment. We will be working with the House and Appropriations Committee leaders to defeat the Concorde ban. *ok*

As you know, the Justice Department will file its brief in the U. S. Court of Appeals on Monday, June 6. The press reaction to this filing may influence the vote on the Koch amendment.

Deepwater Ports

In January 1977, Secretary Coleman signed two deepwater port licenses authorizing LOOP Inc., of New Orleans and Seadock, Inc., of Freeport, Texas to develop deepwater ports. Under the terms of the license, the firms have until August 2, 1977, to comply with all the provisions of the agreement.

Both firms are now negotiating with us on the numerous technical aspects of these licenses. At the same time, our General Counsel staff is working with Justice Department personnel regarding alleged anti-trust violations contained in the Coleman agreements.

The Secretary hopes that both the legal and technical issues can be resolved and you can review this issue by mid-July.



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D. C. 20410

June 3, 1977

THE PRESIDENT HAS SEEN.

1977 JUN 3 PM 4 00

MEMORANDUM FOR: The President

SUBJECT: Weekly Report of Major Departmental
Activities

The following are brief descriptions of significant activities at the Department of Housing and Urban Development.

Robert C. Weaver to Head FHA Task Force. On Wednesday, June 1, I announced that the Department is establishing a task force, to be chaired by Robert C. Weaver, first HUD Secretary, to make recommendations on the future role of the Federal Housing Administration. The names of other members will be announced before the first meeting, to be held June 15 in the HUD building. There will be three other meetings, on June 21, 22 and 30. All meetings will be open to the public. The task force will review the present role of the Federal Housing Administration, consider alternative roles, and make recommendations to me. I have asked the task force to complete its work prior to hearings on FHA's role by the Senate Committee on Banking, Housing and Urban Affairs, expected to be conducted in July.

FHA Interest Rate Rises to 8-1/2 Percent. Effective May 31, HUD has increased the maximum allowable interest rate for FHA and VA single-family mortgages from 8 to 8-1/2 percent. This increase was necessary to bring FHA/VA interest rates in line with other competitive rates in the mortgage and financial markets.

The change is expected to increase the availability of FHA financing for moderate income homebuyers and sellers, who are the major beneficiaries of FHA-insured mortgage financing. At the 8 percent rate, home sellers were required to pay 4 or 5 discount points (one point is one percent of the mortgage) to lending institutions in order to produce a competitive return on their investment.

The higher rate should reduce the discount to 2 or 2.5 points, thereby stimulating the housing market.

Sewer Moratoria and New Housing Development. HUD has distributed the Guidebook to Wastewater Management for New Housing Development to the User Requirements Committee for final review. Preparation of the Guidebook involved a background examination of the problem of sewer moratoria nationwide which determined that approximately 400 jurisdictions, with 9.5 million people, are limiting new housing construction because of sewer moratoria. The Guidebook focuses on short- and long-term actions, both administrative and technological, that can be taken by local governments to prevent or alleviate the problem.

Action Teams for HUD Problem Projects. A special HUD team has been formed to review recommendations and propose options for rehabilitating and upgrading the large number of unoccupied buildings, shopping facilities and the swimming pool at the Congress Park Apartments, located in Anacostia area of Washington, D. C. The purpose of the team effort is to identify innovative and creative solutions to provide decent housing for low-income families in HUD-owned problem projects. If this team effort proves successful, we will expand the idea to other problem projects.

Voluntary Concepts Highlighted at National Fair Housing Conference. On June 1, I gave the keynote address opening the HUD-sponsored National Conference on Voluntary Concepts and Programs in Support of Fair Housing. Over 650 participants who registered for the three-day conference discussed such topics as the status of fair housing in America, national voluntary compliance agreements and programs with housing industry groups, comparability of law enforcement and voluntary compliance, and innovative approaches to voluntary compliance in fair housing and citizen groups. Special strategy sessions for life insurance and other corporation representatives provided ideas on how these institutions could support fair housing.

As part of the Conference, a reception and HUD award ceremony honored 15 distinguished supporters of fair housing and equal opportunity.

HUD Stands Firm -- Cities Accept Subsidized Housing. Community Development Block Grant applications from Boca Raton, Florida and Morganton, North Carolina were expected to be disapproved on May 27 because of inadequate Housing Assistance Plans. However, both were saved from disapproval when the City Councils passed last minute resolutions satisfying HUD requirements. Boca Raton agreed to apply immediately

for available Section 8 Existing Housing funds; Morganton amended its Housing Assistance Plan to include goals for Section 8 Existing Housing.

Solar Energy Grants Announced. On Tuesday, May 31, the Department announced the award of more than \$6 million in grants to buy and install solar heating, cooling and hot water equipment in 3,468 single and multifamily dwelling units. The grants, which are the third of five scheduled cycles of residential solar demonstration awards, involve 169 projects in 44 States. The grants go to developers, non-profit groups, public housing authorities, Indian tribes, and others involved in the development of housing projects.

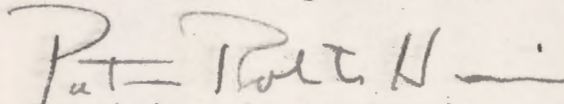
Major Disaster Activity. In the four State Appalachian flood disaster area, 145 of 177 project applications expected for grant assistance to State and local government applicants have been approved. The total cost of this assistance is expected to exceed \$45 million.

Steady progress also is being made in providing disaster program assistance for individual victims. As of May 31, 4,350 families have been housed, more than 13,000 disaster victims have received disaster unemployment assistance and 1,972 have been approved for grants under the Individual and Family Grant Program.

HUD Opposes Proposed Food Stamp Amendment Which Would Count Housing Assistance Benefits as Income. The Department, in a letter to House Agriculture Committee Chairman Thomas Foley, expressed strong opposition to a proposed amendment to the omnibus farm authorization bill which would require counting as income, for purposes of determining eligibility for food stamps, the full actual or imputed value of housing assistance benefits received under all of the Department's housing assistance programs. The Department strongly opposes the amendment because it would create serious inequities among similarly situated needy families, and could literally force families in need of both housing and food stamp assistance to choose between the two. 7

Senate Floor Action Due on the Housing and Community Development Act of 1977, and Federal Flood Insurance Amendment. The Senate is scheduled to take up the Housing and Community Development Act of 1977 when it returns from recess on Monday, June 6. Voting on amendments probably will begin on Tuesday. The most troubling amendment is one which Senators Eagleton and Tower are expected to offer to delete key provisions in the Flood Disaster Protection Act. A similar amendment passed in the House.

The amendment would permit a community to allow uncontrolled development in its flood plain. It is being vigorously opposed by HUD, OMB, CEQ and other Federal agencies. However, the amendment appears to have strong support in the Senate and is being vigorously lobbied by the National Association of Homebuilders, the banks and savings and loans, and the realtors, among others. Lobby groups opposing the amendment include the American Red Cross, the League of Women Voters and Environmental groups. At this point, there appears to be a real risk that the amendment will pass and become law.


Patricia Roberts Harris



THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT

WASHINGTON, D. C. 20410

JUN 2 1977

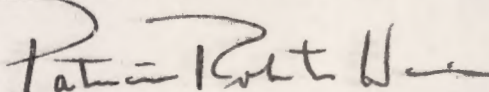
1977 JUN 3 AM 8 28

THE PRESIDENT HAS SEEN.

RL
MEMORANDUM FOR: The President

I am in receipt of your Environmental Message to Congress, as well as your memorandum requesting me to give immediate attention to directives concerning urban homesteading, rehabilitation, and intergovernmental coordination. I have directed the appropriate Assistant Secretaries to take action to carry out these directives.

Your Environmental Message also contains directives concerning (1) Flood Plain Management and (2) the quality of environmental impact statements prepared under the National Environmental Policy Act, both of which will require the attention of, and action by, the Administrator of the Federal Insurance Administration, the Assistant Secretaries of Housing and Community Planning and Development, as well as the General Manager of the New Communities Administration. Please be assured that I, as well as all the employees of this Department, will give these additional directives our immediate attention and that we will do everything possible to support the initiatives you have taken to improve our environment.


Patricia Roberts Harris



THE PRESIDENT HAS SEEN.

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

June 3, 1977

T. Joe
J.

MEMORANDUM FOR THE PRESIDENT

SUBJECT: Weekly Report on HEW Activities

The following is my weekly report on significant activities within the Department of Health, Education and Welfare.

• Welfare Reform, Tax Reform and National Health Insurance:

If tax reform is sent to the Congress either before or simultaneously with welfare reform, there will likely be no welfare reform enacted in this Congress. The only hope would be a special committee with full legislative authority (unlike the special energy committee in the House, which essentially has only the power to make sure the bills are procedurally coherent).

The most recent tax reform package which I have had a chance to review raises serious issues in the context of Welfare Reform and National Health Insurance:

-- Under the \$200 credit and the rate schedule presently proposed, a family of four becomes taxable at \$8,367. That tax threshold is not geared to the threshold at which a working welfare recipient stops receiving any Government subsidy (\$9,400). The reform proposals should be consistent.

-- It is important to move coherently on all health and medical tax deductions for individuals and corporations (employee health plans for example, untouched by present reform proposals, cost \$4.5 billion in corporate tax deductions) as part of the National Health Insurance package.

-- The proposed partial integration of corporate dividends costs \$9.9 billion in lost revenues from

Joe - Go
over Treasury
plan (tentative)
to Stu or Charlie -

*Reductions
inevitable - w. th
or w. thout
reform*

taxes on stockholders. I seriously question the wisdom of this, particularly when contrasted with a no-cost welfare system for the poor and Administration hints of a veto of the HEW-Labor appropriations bill.

-- Two other items of legislative strategy:
(1) submission of the tax reform legislation too soon could kill your Social Security and Hospital Cost Containment legislation; (2) if you start with a tax reform that costs the Treasury \$14 billion in revenue, I believe you will end up with only some of your reform and a loss of revenue closer to \$20 billion than \$14 billion.

● Cost Containment: On June 7, I will testify before the Finance Health Subcommittee on Senator Talmadge's bill, which attempts to reform the administrative and reimbursement procedures currently employed under the Medicare and Medicaid programs. During the campaign, you generally indicated support for the concept of prospective reimbursement and favorably mentioned the Talmadge bill (then in different form) without expressly endorsing it.

As you know, some in the press and on the Hill have placed your Cost Containment proposal and the Talmadge bill in opposition. My general approach in the testimony will be to congratulate Senator Talmadge and his Health Subcommittee on their foresight in identifying major problems in our health care delivery system. We have already adopted or drawn on certain of their proposals -- e.g. our support for Medicare and Medicaid Fraud and Abuse legislation and our Departmental reorganization of health care financing.

With respect to hospital costs, however, I will stress that the Administration proposal is an absolutely vital short-term effort, and that the Talmadge bill does not really address the problem of near-term cost control. Indeed, our estimates show that there will be no savings from the Talmadge bill's hospital cost provisions; they will actually cost \$45 million in FY 78.

At present, we do not believe the methodology exists for classifying hospitals in the manner envisioned by the Talmadge hospital prospective reimbursement provision, although the general approach is appropriate for the middle or long term as we develop more sophisticated classification techniques.

I anticipate that there will also be a number of questions about HEW's reorganization efforts.

Finally, with respect to other major provisions of the Talmadge bill (e.g. physician reimbursement), I will simply say that they all identify important but complex problems and that we are not yet ready to agree or disagree with the precise solutions advanced in the legislation. Talmadge may charge that I am backing off a commitment you made to support his bill.

- New York Visit: I will be delivering the commencement address at City College of New York on Sunday. The address will emphasize that equality of opportunity in education is compatible with educational excellence, and I will discuss the benefits to society of affirmative action in education. On Monday, I will visit HEW facilities and meet with representatives of the New York City school system. Under Secretary Hale Champion will attend the Cabinet meeting in my absence.
- The Aged and Social Security: On Wednesday, I speak to the National Council of Senior Citizens and try to get them to campaign strongly for our Social Security legislation, which they have endorsed.
- Recombinant DNA Legislation: Congress is developing its own legislation to regulate research on and use of recombinant DNA. In the House, Representative Paul Rogers' Health Subcommittee is working on a new bill (H.R. 7418) which incorporates many of the features of the Administration bill, but adds several provisions governing the licensing of facilities by local bio-hazards committees. It also strengthens the provision for Federal pre-emption of local and State regulations. Unlike Senator Kennedy's bill, the Rogers bill would assign responsibility for recombinant DNA research and use to HEW. Kennedy wants to create a new commission to do this; we strongly oppose the Kennedy bill, as will many scientists.

Joseph A. Califano, Jr.
Joseph A. Califano, Jr.

*Take position
"we support it &
go further"*

@

*Why not put
"cigarette warning
on saccharin?"*

J

THE PRESIDENT HAS SEEN.

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

June 3, 1977

1977 JUN 3 PM 2 37

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CS*
SUBJECT: CEA Weekly Report

Energy Taxes. My staff has been participating in an interagency group that is devising options for dealing with the gas guzzler taxes and rebates as they affect imports.

Consumer Agency. Members of my staff, working with OMB, the Domestic Council, and Esther Peterson's office, are examining a section of the Senate ACA bill that requires cost/benefit analyses of all major government regulations. The proposal in this legislation represents a step backward from the existing economic impact statement program. Staff from these agencies will sit down with Capitol Hill staff next week to discuss ways to improve or remove this provision of the bill. Development of our own Economic Impact Analysis program is progressing. *Why not delete?*

Labor-Management Group. Barry Bosworth, of the CEA staff, is heading an Administration task-force that is working with a group led by John Dunlop to develop by June 30 a joint background paper on the current economic situation. This paper will be presented to the labor-management group led by Reg Jones and George Meany, and is to serve as a platform for their discussions. *Keep me informed*

Cargo Preference. An interagency task force under the aegis of the EPG is working out options for a Cargo Preference proposal. It has proven difficult to develop proposals that are economically sound, acceptable in terms of budget cost, and yet satisfy the political forces pushing for this legislation. *Emphasize 1st 2*

Adjustment Assistance. Members of my staff continue to work with other agencies to develop an adjustment assistance program for industries affected adversely by imports. You promised a new proposal by June 30.

Tax Reform. We are continuing to examine alternative tax reform proposals, with particular emphasis on investment stimulation. *Let Packman assess Treasury plans -*

Forecasting Group. A number of top economic forecasters from universities, business, and labor, brought together by Larry Klein, met on Wednesday with the Forecasting team from CEA, Labor, Treasury, OMB, and Commerce to discuss the economic outlook. Their comments were solicited as part of our mid-year forecast review. *C*

THE PRESIDENT HAS SEEN.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

"FYI"

June 3, 1977 ¹⁹⁷⁷ JUN 3 PM 1 46

C

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall ^{RM}

SUBJECT: Major Departmental Activities, May 27-June 3

LEGISLATION

Youth Bill

The conference committee to reconcile the House and Senate versions of the youth employment and training bill will meet during the week of June 13. Late this week an Administration conference strategy was developed. No major problems are anticipated. We expect a bill for your signature in early July and should plan to make this a major event for the Administration.

CETA Extension

Today the House will consider the Senate version of the bill calling for the extension of the Comprehensive Employment and Training Act (CETA). You should receive the bill for signature late next week.

LABOR LAW REFORM

Last week, Under Secretary Robert Brown and Labor Department Solicitor Carin Clauss met with Stu Eizenstat to discuss proposals for amending the Taft-Hartley Act. At Eizenstat's request, we prepared an analysis of the major proposals and sent it to him on June 2. After reviewing our materials, Stu plans to distribute a paper on the subject to interested Cabinet officials and I will shortly discuss the paper with these members of the Cabinet prior to a meeting with you.

LABOR MANAGEMENT SERVICES ADMINISTRATION

The possibility of a strike at Eastern Airlines has all but been eliminated and an agreement between labor and management should be announced soon.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

For the seventh week in a row, OSHA avoided serious problems. In fact, the new priorities for OSHA have received praise from such conservative newspapers as the Dallas Times-Herald.

INTERNATIONAL LABOR ORGANIZATION (ILO)

I will be leaving the country on June 9 to attend the meeting of ILO in Geneva, Switzerland. I will be returning on June 19. Under Secretary Robert Brown will take my place at the June 13 Cabinet Meeting.

CIVIL RIGHTS

Office of Federal Contract Compliance Programs (OFCCP)

Last week, the Labor Department initiated the first steps to bar a bank from receiving federal business because of its refusal to adopt an affirmative action program for minorities and women. The case against the National Bank of Commerce of San Antonio, Texas, represents the first time that the OFCCP has tried to debar a bank from all federal business, including participation in the federal banking system. The case is symbolic of our efforts to strengthen the enforcement of Federal Contract Compliance Programs.

Reorganization

Assistant Secretary Don Elisburg, Solicitor Carin Clauss and I met yesterday with the OMB's Task Force on Civil Rights. This was the first in a series of meetings designed to discuss options for reorganizing civil rights activities. The first priority is the reorganization of equal employment opportunity programs and agencies.

PERSONAL NOTE

An article in the New York Times, June 3, reporting on a speech I made in Miami on June 3 carries the following headline, "Carter Committed to World Pay Floor by Labor Secretary." The first line of the article reads, "Secretary of Labor Ray Marshall committed the Carter Administration to a campaign for a global minimum wage." I had no such intention in the speech. The main point I intended to make was that the concept of a living wage is an important human right and that we should consider the relative wages of workers in other countries in judging individual international trade cases. I did not intend to commit you to this position and certainly did not imply that I believed in a global minimum wage. I should have been more emphatic in emphasizing that I was not speaking for you. I am, of course, troubled by this matter and will do what I can to correct the impression created by this story and try to guard against a recurrence.

C
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THE PRESIDENT HAS SEEN.
THE SECRETARY OF THE INTERIOR
WASHINGTON

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June 3, 1977

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MEMORANDUM TO THE PRESIDENT

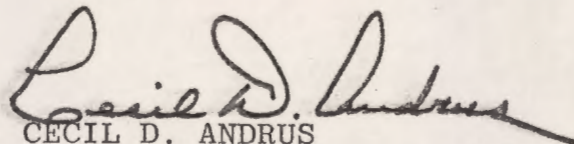
FROM: The Secretary of the Interior

SUBJECT: Major Topics for the Week of May 30

Congressman Burton advises me that he won't demand that the increase be spent in FY-78, but he is quite firm that he wants the authorization on the books and the flexibility that the bill provides. Further, he would not disagree with an appropriation of \$700 million for FY-79 as OMB is recommending. If he should disagree on funding levels in the future it will be in private with you and not publicly.

I think it is important that Interior be the lead in water policy reform. I think OMB concurs, but I don't speak for them.

The employment freeze that I spoke of is crucial with regards to the new responsibilities. We can live with the 3 for 4 formula for ongoing programs. I will work with Bert as you directed.


CECIL D. ANDRUS

THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

June 3, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren *ew*
Gus Speth
Marion Edey

SUBJECT: Weekly Status Report

Environmental Message: Began work at CEQ and with other agencies to implement the directives in your May 23 Environmental Message.

NEPA Hearings: The Council has had responsibility for overseeing federal agency implementation of the National Environmental Policy Act, and in particular its environmental impact statement requirement, since its inception. Next week CEQ will be holding three days of public hearings on ways to make NEPA more effective and to streamline the EIS process.

World Environment Day: Working with White House staff prepared your Message for the 5th Annual World Environment Day. Chairman Warren presented it at a special ceremony at the Department of State on "The U.S. Role in International Environmental Affairs".

Pollution Control Legislation: Worked with citizen groups, Domestic Council staff, and White House Congressional Liaison staff on lobbying strategy for Senate vote on Clean Air Act; continued to work with Environmental Protection Agency on proposed Administration amendments to the Federal Water Pollution Control Act and on various aspects of implementing the Toxic Substances Control Act.



THE PRESIDENT HAS SEEN.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

1977 JUN 3 PM 2 00

June 3, 1977

MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

FAR EAST. Leave Saturday (June 4) for a tour of the Far East ending with the presentation of the Administration's new world food policy. A major task will be to convince other nations to take the matter as seriously as we are. (Itinerary attached.)

PRESIDENT. Reports from USDA officials traveling out of Washington continue to confirm strong grassroots support for Presidential initiatives, including controversial topics such as the Western water projects. Many Congressmen seem to be misreading their constituencies.

PRICES. Prices received by farmers are up an average of two percent over last year; however, prices paid by farmers are up seven percent.

DISCRIMINATION. Under present Civil Service rules, pay grades we can offer are tied heavily to salary history. This presents problems in our attempts to hire more women and minorities who have had salary discrimination in the past. Hope revisions in the Civil Service system will consider this and allow more flexibility.

BOB BERGLAND

Attachment

ITINERARY - FAR EAST
June 4-24, 1977

<u>Leave</u>		<u>Arrive</u>	<u>Flight Time</u> (Hours)
Sat. June 4 - Andrews AFB	1000	June 4 - Elmendorf AFB	1225 7:25
Sat. June 4 - Elmendorf AFB	1425	June 5 - Tokyo	1545 7:20
Wed. June 8 - Osaka	1400	June 8 - Hong Kong	1635 3:35
Fri. June 10 - Hong Kong	1300	June 10 - Jakarta	1610 4:10
Mon. June 13 - Jakarta	1700	June 13 - Singapore	1855 1:30
Wed. June 15 - Singapore	0800	June 15 - Kuala Lumpur	0845 :55
Fri. June 17 - Kuala Lumpur	1030	June 17 - Manila	1545 3:45
Wed. June 22 - Manila	0700	June 21 - Honolulu	2215 10:35
Fri. June 24 - Honolulu	0700	June 24 - Andrews AFB	2220 9:20



June 3, 1977

"FYI" C

REPORT TO THE PRESIDENT

Subject: Department of Commerce's Economic Development Activities

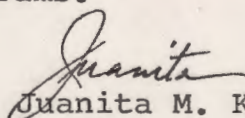
This week I want to give you a status report on the Department's economic development activities.

The Nation needs a comprehensive subnational program to achieve balanced economic growth and development. Chronic problems of unemployment, underemployment, and poverty exist in many geographical areas despite the continued application of traditional economic policies. Yet I am confident that there are programs that can reduce the severity of these problems.

The Economic Development Administration has recently completed a major policy review of its long-range policies, and has formulated measures which will:

- Establish and improve the institutional capacities of State and local governments and of regional area and community development organizations;
- Create four economic development investment programs that provide comprehensive approaches to the economic problems of central cities and their neighborhoods, metropolitan areas, rural areas and communities, States, and multi-state regions;
- Offer a broad trade adjustment program to address the problems of communities and businesses negatively impacted by natural events, public policies, and trade conditions;
- Institute a permanent stand-by Federal countercyclical public works program; and
- Coordinate policy development, research, and program evaluation and demonstration.

I am aware that balanced economic development is a complex goal demanding coordination among Federal agencies and effective communication among Federal, State, and local governments. The Commerce Department will continue to give economic development a top priority, and will expect to play the lead role in initiating new programs.


Juanita M. Kreps



June 3, 1977

TO: President Carter
 THROUGH: Jack Watson
 FROM: USUN - Ambassador Young
 SUBJECT: Weekly Activities of U.S. Mission to United Nations
 Activities, May 25 to June 2

THE PRESIDENT HAS SEEN.

C

1. MY TRIP TO AFRICA

1977 JUN 3 PM 1 39

There were five distinct, if related phases, of my 17 day, 8 nation Africa trip:

A. At the Chief of Missions Conference in Abidjan, I discussed with those in the field their views of the ongoing concerns and problems of Africa and gave them a first-hand impression of the new Administration and the direction our African policy is taking. Response to our policy was strongly supportive, even enthusiastic.

B. Meetings with Heads of State for Foreign Ministers in the Ivory Coast, Ghana, Liberia and Gabon, while brief, succeeded in underscoring the Administration's continued commitment to its traditional African friends. I was impressed by their progress in nation-building, in many ways a striking contrast with the lack of development in many of the more politically militant states.

C. At the Maputo Conference, the Africans continued to endorse armed struggle but agreed to support our efforts for peaceful settlement as a second legitimate form of struggle. This was just one of the indications of African commitment to pursuing policies in Africa's self-interest despite ideological biases. My talks with Machel of Mozambique (and later with Kaunda and others in Zambia) clearly underscored this theme; Machel was interested in pursuing any and all friendships that would benefit Mozambique, and would not allow ideological differences to predispose him to rejecting the West or accepting only the Soviets.

D. In South Africa, my discussions with businessmen and other white and black leaders, particularly as they followed the Vienna talks, seemed to have provided food for thought to those who are in a position to expand black participation in South African economic and political life. There was strong fear expressed on all sides, however, that it was too late for peaceful change, and that if they were to try it, the SAG would undermine their efforts.

E. Finally, I talked in Khartoum with Sudanese leaders who feel very threatened by Soviet activities in the Horn and Libyan interference in their government. They clearly hope for defensive military assistance and development from us, but they also want a better overall relationship with the West, and particularly with the US. Nimeiri also specifically encouraged our negotiation efforts in southern Africa.

It became clear to me during my trip that Africans welcome consistent constructive US involvement on the Continent and are willing to give our new Administration a chance. It is equally clear that we will have to demonstrate our new policy through actions before Africans will be convinced we mean what we say.

2. UN SECURITY COUNCIL: RHODESIA

The Security Council approved a moderate expansion of sanctions against Rhodesia to include curbing international transfer of funds.

3. NAMIBIA

The Western Five continued to work closely in preparation for the

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E.O. 12356, Sec. 3.4

PER 41362 state RE MR-412-91-78
 BY [signature] NARS, DATE 5/14/92

CONFIDENTIAL

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~~CONFIDENTIAL~~

USUN weekly Summary - May 25 to June 2
Continued

second rounds of Cape Town talks, presently scheduled to begin June 8.

4. UN SECURITY COUNCIL: RENEWAL OF UN DISENGAGEMENT OBSERVANCE FORCE
(UNDOF) MANDATE

The decision was taken unanimously with essentially no dispute;
neither Israel nor Syria addressed the Council.

~~CONFIDENTIAL~~

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THE PRESIDENT HAS SEEN.

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

"FYI"

June 3, 1977 ^{1977 JUN 3 PM 1 46}

C

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall ^{RM}

SUBJECT: Major Departmental Activities, May 27-June 3

LEGISLATION

Youth Bill

The conference committee to reconcile the House and Senate versions of the youth employment and training bill will meet during the week of June 13. Late this week an Administration conference strategy was developed. No major problems are anticipated. We expect a bill for your signature in early July and should plan to make this a major event for the Administration.

CETA Extension

Today the House will consider the Senate version of the bill calling for the extension of the Comprehensive Employment and Training Act (CETA). You should receive the bill for signature late next week.

LABOR LAW REFORM

Last week, Under Secretary Robert Brown and Labor Department Solicitor Carin Clauss met with Stu Eizenstat to discuss proposals for amending the Taft-Hartley Act. At Eizenstat's request, we prepared an analysis of the major proposals and sent it to him on June 2. After reviewing our materials, Stu plans to distribute a paper on the subject to interested Cabinet officials and I will shortly discuss the paper with these members of the Cabinet prior to a meeting with you.

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LABOR MANAGEMENT SERVICES ADMINISTRATION

The possibility of a strike at Eastern Airlines has all but been eliminated and an agreement between labor and management should be announced soon.

OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

For the seventh week in a row, OSHA avoided serious problems. In fact, the new priorities for OSHA have received praise from such conservative newspapers as the Dallas Times-Herald.

INTERNATIONAL LABOR ORGANIZATION (ILO)

I will be leaving the country on June 9 to attend the meeting of ILO in Geneva, Switzerland. I will be returning on June 19. Under Secretary Robert Brown will take my place at the June 13 Cabinet Meeting.

CIVIL RIGHTS

Office of Federal Contract Compliance Programs (OFCCP)


Last week, the Labor Department initiated the first steps to bar a bank from receiving federal business because of its refusal to adopt an affirmative action program for minorities and women. The case against the National Bank of Commerce of San Antonio, Texas, represents the first time that the OFCCP has tried to debar a bank from all federal business, including participation in the federal banking system. The case is symbolic of our efforts to strengthen the enforcement of Federal Contract Compliance Programs.

Reorganization

Assistant Secretary Don Elisburg, Solicitor Carin Clauss and I met yesterday with the OMB's Task Force on Civil Rights. This was the first in a series of meetings designed to discuss options for reorganizing civil rights activities. The first priority is the reorganization of equal employment opportunity programs and agencies.

PERSONAL NOTE

An article in the New York Times, June 3, reporting on a speech I made in Miami on June 3 carries the following headline, "Carter Committed to World Pay Floor by Labor Secretary." The first line of the article reads, "Secretary of Labor Ray Marshall committed the Carter Administration to a campaign for a global minimum wage." I had no such intention in the speech. The main point I intended to make was that the concept of a living wage is an important human right and that we should consider the relative wages of workers in other countries in judging individual international trade cases. I did not intend to commit you to this position and certainly did not imply that I believed in a global minimum wage. I should have been more emphatic in emphasizing that I was not speaking for you. I am, of course, troubled by this matter and will do what I can to correct the impression created by this story and try to guard against a recurrence.



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THE PRESIDENT HAS SEEN.
THE SECRETARY OF THE INTERIOR
WASHINGTON

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June 3, 1977

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MEMORANDUM TO THE PRESIDENT

FROM: The Secretary of the Interior

SUBJECT: Major Topics for the Week of May 30

Congressman Burton advises me that he won't demand that the increase be spent in FY-78, but he is quite firm that he wants the authorization on the books and the flexibility that the bill provides. Further, he would not disagree with an appropriation of \$700 million for FY-79 as OMB is recommending. If he should disagree on funding levels in the future it will be in private with you and not publicly.

I think it is important that Interior be the lead in water policy reform. I think OMB concurs, but I don't speak for them.

The employment freeze that I spoke of is crucial with regards to the new responsibilities. We can live with the 3 for 4 formula for ongoing programs. I will work with Bert as you directed.


CECIL D. ANDRUS

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THE PRESIDENT HAS SEEN.

EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
722 JACKSON PLACE, N. W.
WASHINGTON, D. C. 20006

June 3, 1977

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MEMORANDUM FOR THE PRESIDENT

FROM: Charles Warren *ew*
Gus Speth
Marion Edey

SUBJECT: Weekly Status Report

Environmental Message: Began work at CEQ and with other agencies to implement the directives in your May 23 Environmental Message.

NEPA Hearings: The Council has had responsibility for overseeing federal agency implementation of the National Environmental Policy Act, and in particular its environmental impact statement requirement, since its inception. Next week CEQ will be holding three days of public hearings on ways to make NEPA more effective and to streamline the EIS process.

World Environment Day: Working with White House staff prepared your Message for the 5th Annual World Environment Day. Chairman Warren presented it at a special ceremony at the Department of State on "The U.S. Role in International Environmental Affairs".

Pollution Control Legislation: Worked with citizen groups, Domestic Council staff, and White House Congressional Liaison staff on lobbying strategy for Senate vote on Clean Air Act; continued to work with Environmental Protection Agency on proposed Administration amendments to the Federal Water Pollution Control Act and on various aspects of implementing the Toxic Substances Control Act.

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THE PRESIDENT HAS SEEN.

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D. C. 20250

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June 3, 1977

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MEMORANDUM TO THE PRESIDENT

THROUGH Jack Watson
Secretary to the Cabinet

SUBJECT: Weekly Report

FAR EAST. Leave Saturday (June 4) for a tour of the Far East ending with the presentation of the Administration's new world food policy. A major task will be to convince other nations to take the matter as seriously as we are. (Itinerary attached.)

PRESIDENT. Reports from USDA officials traveling out of Washington continue to confirm strong grassroots support for Presidential initiatives, including controversial topics such as the Western water projects. Many Congressmen seem to be misreading their constituencies.

PRICES. Prices received by farmers are up an average of two percent over last year; however, prices paid by farmers are up seven percent.

DISCRIMINATION. Under present Civil Service rules, pay grades we can offer are tied heavily to salary history. This presents problems in our attempts to hire more women and minorities who have had salary discrimination in the past. Hope revisions in the Civil Service system will consider this and allow more flexibility.


BOB BERGLAND

Attachment


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ITINERARY - FAR EAST
June 4-24, 1977

<u>Leave</u>		<u>Arrive</u>	<u>Flight Time</u> (Hours)
Sat. June 4 - Andrews AFB	1000	June 4 - Elmendorf AFB	1225 7:25
Sat. June 4 - Elmendorf AFB	1425	June 5 - Tokyo	1545 7:20
Wed. June 8 - Osaka	1400	June 8 - Hong Kong	1635 3:35
Fri. June 10 - Hong Kong	1300	June 10 - Jakarta	1610 4:10
Mon. June 13 - Jakarta	1700	June 13 - Singapore	1855 1:30
Wed. June 15 - Singapore	0800	June 15 - Kuala Lumpur	0845 :55
Fri. June 17 - Kuala Lumpur	1030	June 17 - Manila	1545 3:45
Wed. June 22 - Manila	0700	June 21 - Honolulu	2215 10:35
Fri. June 24 - Honolulu	0700	June 24 - Andrews AFB	2220 9:20



June 3, 1977

"FYI" 

REPORT TO THE PRESIDENT

Subject: Department of Commerce's Economic Development Activities

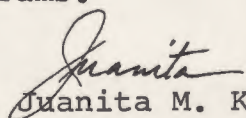
This week I want to give you a status report on the Department's economic development activities.

The Nation needs a comprehensive subnational program to achieve balanced economic growth and development. Chronic problems of unemployment, underemployment, and poverty exist in many geographical areas despite the continued application of traditional economic policies. Yet I am confident that there are programs that can reduce the severity of these problems.

The Economic Development Administration has recently completed a major policy review of its long-range policies, and has formulated measures which will:

- Establish and improve the institutional capacities of State and local governments and of regional area and community development organizations;
- Create four economic development investment programs that provide comprehensive approaches to the economic problems of central cities and their neighborhoods, metropolitan areas, rural areas and communities, States, and multi-state regions;
- Offer a broad trade adjustment program to address the problems of communities and businesses negatively impacted by natural events, public policies, and trade conditions;
- Institute a permanent stand-by Federal countercyclical public works program; and
- Coordinate policy development, research, and program evaluation and demonstration.

I am aware that balanced economic development is a complex goal demanding coordination among Federal agencies and effective communication among Federal, State, and local governments. The Commerce Department will continue to give economic development a top priority, and will expect to play the lead role in initiating new programs.


Juanita M. Kreps

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THE WHITE HOUSE

WASHINGTON

MINUTES OF THE CABINET MEETING

Monday, June 6, 1977

The seventeenth meeting of the Cabinet was called to order by the President at 9:01 a.m., Monday, June 6, 1977. All Cabinet members were present except Mr. Bergland, who was represented by Deputy Secretary of Agriculture John White; Dr. Brown, represented by Deputy Secretary of Defense Charles Duncan; and Mr. Califano, represented by Under Secretary of HEW Hale Champion. Other persons present were:

Joe Aragon	Bob Lipshutz
Zbigniew Brzezinski	Bunny Mitchell
Landon Butler	Dick Moe
Hugh Carter	Frank Moore
Doug Costle	Frank Press
Stu Eizenstat	Charles Schultze
Jane Frank	Stansfield Turner
Jim King	Charlie Warren
Tim Kraft	Jack Watson

The President asked for comments from Cabinet members, beginning with the Deputy Secretary of Defense:

1. Mr. Duncan said that the Senate has reported out a bill, introduced four weeks ago, to reorganize and reduce by 10-15% the personnel in the Office of the Secretary of Defense. DOD hopes for action next week by the House Committee. As Dr. Brown stated at a previous Cabinet meeting, DOD plans to accomplish similar reductions for the military departments.

2. The President said that when Cabinet members come to the spring budget review sessions, they should be prepared to talk about basic departmental strategies and thrusts for the next four to five years. He briefly mentioned the recent session he attended on foreign aid and noted that a major review of that issue is under way.

3. Ms. Kreps said that a revised memorandum on cargo preference will be transmitted to the President shortly.

-- A proposal on trade adjustment assistance will be reviewed by the EPG this week. The proposal has two thrusts: (1) Recommendation of an interagency task force to consider a range of actions that have been suggested in this area; (2) Dealing with the immediate problems of the domestic industry.

-- The House has passed Congressman Murphy's bill on marine mammals. Senator Magnuson has introduced the Administration's measure in the Senate.

-- Twelve applications from U.S. vessels have been submitted to the Maritime Administration seeking transfer to foreign flag status. Ms. Kreps hopes that the owners of these vessels can be persuaded to remain under the U.S. flag. The President, Messrs. Marshall, Schlesinger, Schultze and Ms. Kreps discussed some of the implications of a transfer to foreign flag status, including environmental, trade, jobs and defense aspects. There presently appear to be virtually no incentives for vessels to keep U.S. flag status. Dr. Schlesinger noted that in Norway a Norwegian-owned vessel is required by law to fly the Norwegian flag. Mr. Schultze pointed out that the construction and operating costs for U.S. ships are higher than for foreign vessels. Dr. Schlesinger suggested that if a review of U.S. flag status were undertaken, it should examine the current requirements for construction of U.S. ships in Navy shipyards. The President asked the Attorney General and Ms. Kreps for an information memorandum on the general subject of U.S. flag status.

4. Mr. Adams discussed his recent trip to Paris as head of the U.S. delegation to the Paris Air Show. He described the issue of the Concorde and its relationship to U.S./U.K. negotiations. An updated memorandum on those negotiations will be transmitted to the President next week.

-- The Alaska pipeline opens on June 20. Preliminary reports show that some welds do not conform to certain standards. Mr. Adams has called in a team of experts to reexamine the issue.

-- Mr. Adams has talked with Senator Kennedy concerning the airline deregulation legislation and believes that a majority of the Senate Commerce Committee now favor the bill. Congressman Mineta has agreed to introduce the Administration's bill on the House side, and Mr. Adams discussed a White House role in helping to move the legislation.

-- Mr. Adams would like to meet with the President to discuss surface transportation initiatives.

-- Mr. Adams is continuing to work on the reorganization of DOT.

5. Mr. Lance said that the budget reviews are proceeding well, and that everyone appreciates the President's very substantial involvement in the process.

-- OMB hopes to circulate new employee ceilings to Cabinet members this week.

6. Ambassador Strauss noted continuing problems in the ongoing GATT negotiations in Geneva. The shoe import issue has been resolved, but others have not. He noted that Senator Long attended the Geneva meetings for two days, and that Senator Ribicoff was present for one day. The full House Ways & Means Committee will review these issues in July and Mr. Strauss is spending a great deal of time conferring with members of Congress on the matter.

7. Dr. Schlesinger said that the House has completed action on the energy reorganization bill in only three months. The bill is virtually intact and may be enrolled by July 4. He would like to talk to the President soon about housing the new Energy Department.

-- He discussed the consequences of pricing restraints in the House-passed legislation. Whereas the Senate-passed bill leaves the rules of general applicability in the Office of the Secretary, the House bill does not. The Administration will urge the Conference Committee to adopt the Senate version, and Dr. Schlesinger asked the President to speak to Senator Ribicoff about the matter.

-- The Attorney General commented on some of the archaic, time-wasting procedures in the FPC and asked whether they would be revised. He also commented on the "forum shopping" that invariably occurs on appeal of FPC decisions. Dr. Schlesinger said that the Senate-passed version of the legislation gives latitude to the Office of the Secretary to expedite FPC decisions, and that the President has an opportunity to review the decision before appeals can be taken.

-- The President asked the Vice President and Attorney General Bell to help secure enactment of the Senate version of the legislation. Mr. Adams said that he would also be happy to talk to the House Conferees.

-- Dr. Schlesinger described progress in the House mark-up of the energy plan legislation. Congressman Dingle's Committee has completed work on the sections on insulation, but there is a delay in the Ways and Means Committee on other portions of the bill. The vote on the natural gas provisions will occur tomorrow or Wednesday, and Congressmen Russo, Murphy, and Wirth may need calls from the President.

8. Ms. Harris will testify this week on the Proxmire/Cranston bill to increase the size of the Federal National Mortgage Association (Fanny Mae) Board. Treasury and HUD support the legislation, and the Justice Department has said that it is constitutional. Ms. Harris briefly discussed the need for more policy control at Fanny Mae.

-- She described actions she is taking regarding evaluating of HUD field personnel.

-- Ms. Harris explained recent HUD regulations which add a category of "stable family relationship" to the eligibility requirements for HUD-assisted housing. In her view the definition of the term is properly a local decision, and the new regulation simply clarifies past practice. HUD is not taking a position on whether non-married individuals or homosexuals comply with the term. Such decisions will be made by local authorities, and she expects one or more court challenges on the application of the definition.

9. Mr. White reported that Mr. Bergland is on an extended multi-nation trip in the Far East ending with the International Food Conference in Manila.

-- He noted that some confusion had arisen out of the Senate-passed version of the Farm bill. He also noted that, despite the drought situation, wheat growers in the West are planting wheat to try to protect their allotments. DOA is attempting to correct this misunderstanding of what the law requires.

-- Before Mr. Bergland left on his trip, he approved a proposal to permit grain cooperative owners to obtain 6% loans, a practice previously not allowed. Mr. White noted that there was heavy opposition from private grain owners, but underscored the substantial benefits of the Secretary's initiative.

-- The President said that he recently saw a film with his son Chip on world hunger, a subject which concerns him very much and which was discussed briefly at the recent spring budget review session on foreign aid. He plans personally to do more work on the issue and noted the natural connection between dealing with world hunger

and espousing human rights. He said that AID Director Jack Gilligan and Mr. Vance are eager to help with this work and noted that P.L. 480 is very popular on the Hill and might be used effectively toward these ends. He added that the U.S. entertainment industry has adopted eradication of world hunger as its humanitarian goal.

-- Mr. Vance commented that there is a long history of U.S. involvement on this issue. It began as the "green revolution" which was aided first by seed money from private foundations, and then by assistance from various international financial institutions. Mr. White stressed the need to avoid simplistic answers in dealing with the problem.

10. Mr. Blumenthal said that he and Ms. Kreps will host the joint US/USSR Commercial Commission this weekend in coordination with Messrs. Brzezinski and Vance.

-- Mr. Blumenthal is concerned that the Japanese are far away from meeting some of the trade commitments they have made in recent meetings and stressed the need for follow-up on these matters.

-- He noted that at a recent International Development Bank meeting in Guatemala, the participants were all interested in the U.S. position on human rights. He had a very productive conversation with Argentina's Foreign Economic Minister, Jose Martinez de Hoz, who said that his country will conduct talks during the next two weeks on how to improve human rights in Argentina. He also noted that Argentina is attempting to secure a \$100 million loan from the World Bank for an important hydroelectric project. Dr. Brzezinski said that his own conversations with Mr. Martinez de Hoz corroborate Mr. Blumenthal's views.

-- Mr. Blumenthal said that the Treasury Department has quietly negotiated a change in a former practice by the Congress of buying local currencies for travels abroad. The President congratulated Mr. Blumenthal for his sensitive handling of the matter.

-- Mr. Blumenthal has informed the IRS Commissioner that information concerning individual tax cases should not be communicated to higher officials at Treasury or elsewhere, except for proper legal channels in the Department of Justice.

-- Ambassador Strauss said it would be helpful to have materials from Mr. Vance on the human rights issue, since he is frequently questioned about the U.S. position on the subject. Mr. Vance agreed to supply some materials to the entire Cabinet.

11. The Vice President noted that Republicans have been announcing certain Administration grants to state and local governments. He said that this is not a good practice and asked Cabinet members to review how Congressional and other notifications of grants by their departments are made.

12. Attorney General Bell said that DOJ is two-thirds finished with its effort to develop a two-year program of activity.

-- He testifies before Congressman Preyer's House Subcommittee this afternoon on the FBI, CIA and Executive Privilege. He noted with chagrin the number of Senate and House committees and subcommittees that have jurisdiction over the Justice Department.

13. Mr. Marshall said that unemployment figures released last Friday show little overall change. Although there is a .1% decline in unemployment, unemployment has increased for blacks (from 12.3% to 12.9%); for teenagers (from 17.8% to 17.9%); and for black teenagers (up to 38%).

-- The Youth Employment bill goes to conference the week of June 13. Mr. Marshall cited the bill as an example of excellent cooperation with the Congress and said that he expects no problems in its enactment. The bill should be ready for the President's signature in early July.

-- Mr. Marshall leaves for Geneva on Friday to attend the International Labor Organization (ILO) meeting. Reports are not encouraging, but he personally hopes the U.S. can remain in the organization. He described the ILO as an important instrumentality for expressing the President's human rights concerns, and, in that connection, urged that our human rights position include attention to the rights of workers.

-- Mr. Vance described our problems with the Egyptian position in the ILO, but noted that he too hopes we can remain a member. Dr. Brzezinski added that he also believes it is important for the U.S. to remain a member of the ILO.

14. Ambassador Young described his recent trip to Africa and said that he is more hopeful about the South African situation now than he was several weeks ago. In South Africa he met with 200 businessmen, at their invitation, to talk about constructive actions they could undertake. In meeting with various West African nations--especially the

Sudan--he noted that they are making considerable progress in rural development and education. In his view, the U.S. long-range programs--especially food aid--are paying off. He noted that in Sudan the Cabinet is almost totally U.S.-educated.

-- Mr. Vance said that Ambassador Young's trip was extremely successful. The representatives of the U.S., the U.K., France, Canada and West Germany are closely coordinated on the issues discussed in Mozambique, and had a significant influence on the withdrawal of troops from Mozambique. The President seconded the notion that multi-nation teams can be very effective, and said that they are frequently perceived as more stable than the delegation of any one particular government.

15. Dr. Brzezinski reported that, during the next two weeks, the NSC will be reviewing these ten areas: (1) Human rights; (2) SALT II; (3) Middle East; (4) Africa; (5) Panama; (6) Negotiations with the Soviets on the Indian Ocean; (7) Chemical warfare; (8) North/South issues and the follow-up to the CIEC; (9) In coordination with DOD, CIA and State, a look at the needs of consumers of the intelligence community; and (10) A review of the proposed reorganization of the intelligence community.

16. Mr. Schultze said that food prices are up 16% on an annual basis during the first four months of this year, although farm prices were slightly down last week. He is continuing with representatives of DOA, CIA and outside consultants to identify more precisely what the problems are, and what the solutions might be.

17. Mr. Champion said that Mr. Califano is in New York discussing school problems and visiting an urban ghetto school.

-- The President asked about Congressman Rogers' proposal for an eighteen-month moratorium on the proposed saccharin ban. He suggested that saccharin products might contain a warning similar to the one on cigarette packages. Mr. Champion said that the FDA Administrator, Dr. Donald Kennedy, had publicly opposed a moratorium on the saccharin ban but that the House is likely to act favorably on a moratorium on the ban as proposed in the Rogers' bill.

18. Mr. Andrus said that the spring budget review meeting with OMB and the President was helpful. He noted that attention should also be given to other budget items (with less budget impact) that were not discussed at the review session, such as the Bureau of Indian Affairs (BIA). In his view, OMB's work and comments have been very constructive.

-- Mr. Andrus asked Frank Moore to let him and other Cabinet members know if Republicans were making announcements of agency grants out of their respective departments.

-- The House/Senate Conference meets today on the strip mining bill, and the legislation appears to be in good shape. The outer continental shelf legislation is headed for mark-up, and Mr. Andrus foresees no major problems.

-- In response to the President's request, Mr. Andrus has investigated a recent Sacramento Bee story about the reselling at an exorbitant price by certain California farmers of government-subsidized water. Interior is holding up the subsidy payments until verification of the facts, but Mr. Andrus believes that the newspaper story is inaccurate. Essentially, the farmers were using "annual crop" water to save perennial crops. The subsidies involved are distributed by means of a complex formula in which some of the revenues from resale go to the water district in which the farm is located. Part of the price is for low profit and part is for additional cost of delivery. It is not an accurate reflection of the price of water. He will take a comprehensive look at this practice as part of his overall water policy review.

-- The President asked Mr. Andrus to be certain that unfair practices and abuses of the federal program are prevented. Mr. Andrus said that since the farmers own the water involved, the federal government cannot dictate to them what to do with it.

19. Mr. Vance described the recent Conference on International Economic Cooperation (CIEC) at which the international economic situation and relationships between the developing and developed countries were discussed. Comments focused on three sub-topics: 1) Energy; 2) Raw materials; and 3) Development assistance and finance. The results were mixed--for example, the conferees could not reach agreement on a consultative arrangement in the energy field. The problem now is to follow up on the meeting.

-- A critical short-term question is what to do about development assistance. According to Mr. Vance, even a modest U.S. commitment will make a considerable difference to two-thirds of the world. Although development assistance is presently unpopular on the Hill, Mr. Vance recommends that the Administration press hard to expand it. A related issue is how the U.S. should proceed to develop buffer stocks and whether we should negotiate commodity agreements. Mr. Vance will be meeting with Messrs. Brzezinski, Blumenthal and Bergland on these subjects.

-- Mr. Vance described the importance of the recent Turkish election.

-- Mr. Vance testifies this afternoon before Congressman Fascell's Committee on the Administration's preparation for the Belgrade Conference. He will review the report issued last week evaluating the performance of the Eastern bloc.

-- He said that Mrs. Carter's trip to Latin America is going very well.

-- Dr. Schlesinger said that we are spending a great deal of private resources on development assistance, and suggested that we should develop a new formula to reflect this. Mr. Vance said that there is a standard OECD formula for calculating development assistance. Although the United States often adds in private assistance in calculating the total U.S. aid, most countries of the world ignore the add-on and understand that our government-subsidized development assistance is the lowest of any country in the world. The President noted that even if we double our foreign aid, we will still have one of the lowest development assistance rates in the world.

-- The President stressed that we must develop a comprehensive, positive proposal for the Belgrade conference and not just oppose suggestions made by others.

20. The President said that at dinner the other night with Speaker O'Neill, Mr. O'Neill said that White House relations with the Congress were quite good. The Speaker pointed out the dangers of using a "check list" for legislative goals in an effort to keep a tally on victories and defeats.

-- The President will meet Wednesday morning for one and one-half hours with thirty Congressional leaders on foreign affairs.

-- The President said that Mrs. Carter's trip is going well so far, and that he talks with her at least once a day.

-- He noted that weekly reports from Cabinet members show that a lot of time is being spent by them and their Presidential appointees at conferences and meetings--some of which seem to be of questionable value. He suggested that Cabinet members ask their subordinates for a list of upcoming meetings and cancel those that do not seem useful. The President said that, in his opinion, the time wasted is of less importance than the attitude of people that they are

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actually accomplishing something by going to meetings that do not achieve anything.

-- The President reiterated to the Cabinet his complete confidence in their judgment and ability to make decisions. Although he is available by telephone at any time to discuss matters of importance to Cabinet members and is always willing to review written memoranda, he has been burdened recently with too much paper and too many decisions which could have been decided at a lower level. He urged Cabinet members to work closely with Dr. Brzezinski, Stu Eizenstat and Jack Watson when questions arise about development and implementation of policy.

The meeting was adjourned by the President at 11:10 a.m.

Respectfully submitted,

Jack H. Watson, Jr.

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

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EYES ONLY FOR THE PRESIDENT

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

EYES ONLY

June 6, 1977

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze *CLS*

SUBJECT: Business Plans for Plant and Equipment
Spending in 1977

The Commerce Department will release tomorrow morning (Tuesday, June 7, at 10:00 a.m.) the results of its latest survey of business plans for spending on new plant and equipment in 1977. The planned increase amounts to 12.3 percent. Adjusted for inflation, this would imply a rise of about 7 to 7-1/2 percent in real investment from 1976 to 1977.

This survey (taken in late April and May) indicates a small improvement in spending plans since the previous one (taken in late February and early March), which reported a planned increase of 11.7 percent. The degree of improvement is less than we had expected. The recent survey by McGraw-Hill indicated a much larger increase (18 percent). We thought the McGraw-Hill results were too optimistic, but had hoped this latest Commerce survey would show a greater strengthening than it did. In our latest economic forecast we had projected a 9 percent rise in real plant and equipment outlays, compared to the 7 to 7-1/2 percent implied in the new survey. The difference is not startling -- but it is in the wrong direction.

The Commerce survey indicates a substantial reduction in the rate of growth of planned expenditures for new plant and equipment in the second half of 1977. Based on past experience, growth of actual expenditures is unlikely to slow down as much as the survey suggests, so that there is no reason for undue pessimism at this point. The results of the survey, nevertheless, are relatively disappointing.

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MEMORANDUM

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

Meeting with
Graduates, Congressional Page School
Monday, June 6, 1977
The Rose Garden
11:50 a.m.
(10 min.)

(by: Fran *for* George)

- I. PURPOSE: to greet and congratulate the graduates
of the Congressional Page School
- II. BACKGROUND, PARTICIPANTS, PRESS:

- A. Background: Traditionally the Congressional
Page School conducts their graduation
exercises in the Rose Garden with the
President or Cabinet member officiating.
- Invitation was originally declined:
Speaker O'Neill strongly urged we reconsider.
At the Speaker's request, a brief meeting
was scheduled.
- They will already have their certificates,
which you have signed.
- The School is a special school for high
school students who serve as Pages in the
U.S. Congress.
- B. Participants: Approximately 38 graduates, parents
and teachers (Total: approx 100)
- Maura Connelly is Senior Class President
and invited the President to greet Class.
- C. Press: Open Press Coverage

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June 6, 1977

To Harvey Shapiro

Thank you for the books. I will enjoy these works--especially the rare pamphlet of Dylan Thomas poems. You may be sure they will have a permanent place in the Presidential library.

Sincerely,

JIMMY CARTER

Mr. Harvey Shapiro
Editor
New York Times
Book Review
229 West 43rd Street
New York, New York 10036

JC:MFW:MH:jah

GIFT

X

THE WHITE HOUSE
WASHINGTON

Do you want to accept the
pamphlet of Dylan Thomas poems....
in view of the fact that it is
a collector's item?

*Susan -
Thank him, & tell
him I'll enjoy the
books & place them
in the Presidential
Library -
J. C.*

6/1

Marge --

Please see President's
note, attached.

Would appreciate an
expeditious response ...
the President wants to read
the books.

Thanks -- Susan

(please return books with
letter for signature)

also -- what ever happened
to the blue shirt which was
given to the President in
Los Angeles...we'd like it over
here. Thanks -- ssc

THE WHITE HOUSE
WASHINGTON

6-4-77
To Zig, Chip, Dr. Deane, Stu

Get together & let
me know what we can
do about world hunger -

J. C.

THE WHITE HOUSE
WASHINGTON

cc Chip Carter

ACTION
FYI

	MONDALE
	COSTANZA
X	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

	FOR STAFFING
	FOR INFORMATION
X	FROM PRESIDENT'S OUTBOX
	LOG IN/TO PRESIDENT TODAY
	IMMEDIATE TURNAROUND

	ARAGON
X	BOURNE
X	BRZEZINSKI
	BUTLER
	CARP
	H. CARTER
X	CLOUGH
	FALLOWS
	FIRST LADY
	GAMMILL
	HARDEN
	HOYT
	HUTCHESON
	JAGODA
	KING

	KRAFT
	LANCE
	LINDER
	MITCHELL
	POSTON
	PRESS
	B. RAINWATER
	SCHLESINGER
	SCHNEIDERS
	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE WHITE HOUSE
WASHINGTON

June 6, 1977

Z. Brzezinski
Chip Carter
Peter Bourne
Stu Eizenstat

The attached was returned in the
President's outbox and is forwarded
to you for appropriate action.

Rick Hutcheson

Re: World Hunger

cc: Susan Clough

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

<input checked="" type="checkbox"/>	MONDALE
<input type="checkbox"/>	COSTANZA
<input type="checkbox"/>	EIZENSTAT
<input type="checkbox"/>	JORDAN
<input type="checkbox"/>	LIPSHUTZ
<input type="checkbox"/>	MOORE
<input type="checkbox"/>	POWELL
<input type="checkbox"/>	WATSON

<input type="checkbox"/>	ENROLLED BILL
<input type="checkbox"/>	AGENCY REPORT
<input type="checkbox"/>	CAB DECISION
<input type="checkbox"/>	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
Staff Secretary
next day

<input type="checkbox"/>	FOR STAFFING
<input type="checkbox"/>	FOR INFORMATION
<input checked="" type="checkbox"/>	FROM PRESIDENT'S OUTBOX
<input type="checkbox"/>	LOG IN/TO PRESIDENT TODAY
<input type="checkbox"/>	IMMEDIATE TURNAROUND

<input type="checkbox"/>	ARAGON
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<input type="checkbox"/>	SCHULTZE
<input type="checkbox"/>	SIEGEL
<input type="checkbox"/>	SMITH
<input type="checkbox"/>	STRAUSS
<input type="checkbox"/>	WELLS
<input type="checkbox"/>	VOORDE



Ben M. Furkson, Jr.
SECRETARY OF STATE

ALL PRESIDENT HAS SEEN.

Secretary of State
State Capital
Atlanta
30334

Ann L. Adamson
ASSISTANT
SECRETARY OF STATE

June 1, 1977

SC
" VP
J

The President of the United States
The White House
Washington, D. C. 20500

My dear Mr. President:

Your letter under date of May 24, 1977, advising me of the legislation affecting voter registration at the polls in federal general elections has been received. I am very grateful that you have taken time to write me as you did. This is a very important and vital question before the Congress. I have contended in all of the seminars that I have given in the State of Georgia that unless our election laws provide for easy registration, in a reasonable time before the election or primary, that the federal government will pass legislation affecting federal general elections.

I have sent letters to all election officials in Georgia and have sent copies of the replies to the Federal Election Commission, as requested. I find that the people in the State are not for registration and voting on the day of the election.

In my seminars beginning next month, I shall stress more strongly that we have to have more places to register, that they must be kept open at least five days a week, and that the registration cut-off date must be as close as possible to the election or the primary.

Now, Jimmy, I am stepping down from the formal tone of this letter to a very personal one. I am grateful for your expression of friendship and you know that you have mine. I am proud of you and I am not worrying the least bit about the final results of your Administration. I am sure no President has ever felt the expression of the doubts of so many people and as many organizations as you have. I must tell you though that there are millions of people in this Country that believe in you and that will continue to believe in you. Keep at it. You will always have

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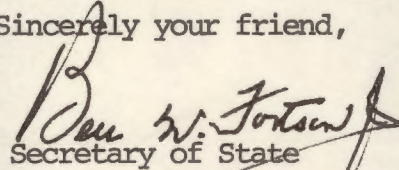


June 1, 1977

my prayers, my best wishes, and my friendship. I would like to add that the Assistant Secretary of State, Ann Adamson, feels the same way and expresses her support, her trust, and her faith in you.

Give my love to Amy and my best wishes to Rosalynn. You sure have two great ambassadors in Amy and Rosalynn!

Sincerely your friend,


Secretary of State

THE WHITE HOUSE
WASHINGTON

June 6, 1977

Frank Moore

The attached was returned in
the President's outbox. It is
forwarded to you for appropriate
handling.

Rick Hutcheson

Re: Weekly Legislative Report
Re: Energy & Power Sub-
Committee

THE WHITE HOUSE
WASHINGTON

ACTION
FYI

	MONDALE
	COSTANZA
	EIZENSTAT
	JORDAN
	LIPSHUTZ
	MOORE
	POWELL
	WATSON

	ENROLLED BILL
	AGENCY REPORT
	CAB DECISION
	EXECUTIVE ORDER

Comments due to
Carp/Huron within
48 hours; due to
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	SCHULTZE
	SIEGEL
	SMITH
	STRAUSS
	WELLS
	VOORDE

THE PRESIDENT HAS SEEN.

THE WHITE HOUSE

WASHINGTON

ADMINISTRATIVELY CONFIDENTIAL

June 4, 1977

MEMORANDUM FOR:

THE PRESIDENT

FROM:

FRANK MOORE

SUBJECT:

Weekly Legislative Report

1. ENERGY

Energy & Power Subcommittee: The mark-up schedule has already started to slip. The Subcommittee had scheduled only one day for mark-up on the utility role in home insulation, but has now devoted two days to this section and will try to conclude consideration on Monday. No votes were taken in the first session, but on Friday the Subcommittee acted on 14 amendments, adopting 10 and rejecting 4.

-- The critical issue Monday will be action on the time of transfer requirement, i.e., whether to make insulation installation and retrofiting mandatory in 1985 and thereafter. Rep. Maguire is reported to have an amendment making this a mandatory requirement effective 1982. *strengthening amendments generally ok*

Projected Senate Schedule: The Senate Committee on Energy and Natural Resources will begin hearings on natural gas on June 7; hearings will resume the following week. The Energy Subcommittee on Conservation and Regulation will take up the entire conservation provisions of Title I on June 21 and 22.

2. APPROPRIATIONS

-- Attached at the end of this report is a chart prepared by OMB showing the status of congressional action on all appropriation bills, plus four authorizing bills having a significant budgetary impact.

Treasury/Postal Service/General Government: The bill is scheduled for House floor action next Wednesday. It provides a total of \$7.55 BILLION in new budget authority for the Treasury Department, the U.S. Postal Service, the Executive Office of the President, and various independent agencies. The total is \$1.93 BILLION below the FY 1977 appropriation and \$46.39 million below the Administration's FY 1978 budget requests. The Treasury Department is working the the Senate Appropriations Treasury Subcommittee to appeal cuts in the Department's budget made by the House Committee. According to OMB, the Administration has no objection to House passage of the bill. The following amendments may be offered on the floor: 1) an amendment to reduce funds for former presidents by \$148,000 (from \$617,000 to \$469,000), by reducing funds for office expenses and personnel for ex-President Nixon from \$169,000 to \$21,000 (there would be no reduction in his \$66,000 pension); 2) Rep. Harris (D-Va) may make a point of order against White House Office funds in the bill which are not authorized by law; 3) Republicans may offer amendments to cut funds for the Council on Wage and Price Stability, to cut funds for the National Center for Productivity and

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Quality of Working Life, to place a limit of 413 positions on the White House staff, and to prohibit the use of any funds by the IRS to pay rewards to those who inform the IRS of suspected tax law violations.

-- Senate Subcommittee mark-up for this bill is scheduled for next Tuesday.

Transportation /Related Agencies: The bill is scheduled for House floor action next Wednesday. It provides \$5.8 BILLION in new budget authority for FY 1978 for DOT and related agencies. The total is \$107.8 million below the Administration's budget request and \$220 million above the FY 1977 appropriation level. According to OMB, the Administration is generally supportive of the bill as it stands now although more funds are provided for special interest highway programs than requested. Rep. Koch and other members of the New York delegation will offer an amendment to prevent any funds in the bill from being used for air traffic control of Concorde landings at JFK International Airport. The same amendment was defeated last year by 58 votes.

-- Senate Subcommittee mark-up for the bill is scheduled for next Tuesday.

Interior/Related Agencies: The bill is scheduled for House full Committee mark-up next Monday and for House floor action next Thursday. It provides \$9.5 BILLION in new budget authority for FY 1978. The total is \$500 million below the Administration's request and \$2.8 BILLION above the FY 1977 level. However, according to OMB, the bill contains unrequested increases of \$350-400 million which offset decreases of \$710 million for FEA's Strategic Petroleum Reserve and \$50 million for DOD's Naval Petroleum Reserve. Major add-ons include \$265 million for the Forest Service, \$66 million for Indian health services, and \$42 million for the Bureau of Mines. An amendment may be offered to restore cuts in funding for several ERDA programs, and Rep. Fish (R-N.Y.) may offer an amendment to appropriate \$20 million for ERDA for demonstration projects to convert municipal waste into fuel and energy. According to OMB, the Administration is still in the process of developing its position on this bill.

State/Justice/Commerce/Judiciary: The bill is scheduled for House floor action next Friday. It provides \$7.62 BILLION in new budget authority for the Departments of State, Justice and Commerce, the Judiciary, and related agencies. According to OMB, the total is \$228 million above the budget, with increases of \$341 million for SBA offset partially by a \$104 million cut in LEAA (the Justice Department will be appealing this reduction). An amendment may be offered to increase funding for LEAA.

Public Works/ERDA: The Senate Appropriations Public Works Subcommittee will mark-up its bill this coming Wednesday. The Senate bill will not take an across the board cut like the House did, so the Senate version is expected to be about \$150-200 million over the President's request and could go somewhat higher. The Members of the Subcommittee have not reached a final decision on how to handle the proposed deletion of 18 water projects; however, OMB definitely expects that at least some of the objectionable projects will remain in the Senate bill. A second controversial issue in the bill involves the breeder reactor, which has not been authorized yet. The Senate may have as many as 60 votes still favoring the breeder, so the Subcommittee faces considerable pressure to add funds for it. The Members of the Subcommittee would prefer to see the breeder issue resolved first in the 1978 ERDA Authorization bill, which is not expected to move quickly.

-- House floor action on the bill is scheduled for June 13.

Military Construction: Last Thursday the House Committee reported its version of the bill at \$196 million below the budget request. The Committee approved one amendment to add \$815 million for energy consumption metering in the family housing account. House floor action will occur on June 17.

Defense: A Senate Subcommittee mark-up, previously scheduled for Thursday, has been postponed due to the recent hospitalization of Chairman McClellan. House floor action will not occur before June 30.

Labor/HEW: The House is scheduled to consider the bill on June 15. The Senate Appropriations Committee is tentatively scheduled to mark-up the bill June 16.

3. AGENCY FOR CONSUMER PROTECTION

-- Due to the success of the June 1 meeting of ACP supporters, the stage has now been set for early Senate action on the bill. The Wednesday meeting that you will have with Senators Byrd and Ribicoff, Speaker O'Neill and Congressman Brooks should have three purposes: 1) to convince Sen. Byrd to schedule to bill as soon as possible for Senate floor action; 2) to revive Sen. Ribicoff's flagging enthusiasm for the proposal; and 3) to convince them all that this is a fight that can be won. You will have a briefing paper for the June 8 meeting with the latest vote counts. Currently, they show over 60 votes for cloture on the measure in the Senate.

4. OMNIBUS HOUSING BILL

-- On Monday afternoon or Tuesday morning, the Senate will consider a key amendment to the bill. Senators Eagleton and Tower will propose deletion of the current requirement that communities enter the federal flood insurance program before federally regulated or chartered financial institutions may finance building in designated flood plain areas. If approved, the amendment will seriously undermine the flood insurance program and increase pressures to provide federal disaster assistance for the uninsured flood damage that usually follows uncontrolled building on flood plains. Congressional liaison staff will be actively working against this amendment.

5. CLEAN AIR

-- The Senate takes up the bill on Wednesday and the Leadership expects consideration of that measure and proposed amendments to take the remainder of the week. The most controversial and hotly-contested issue involves auto emissions. The following table represents the three major auto emission proposals:

	<u>Committee (Muskie)</u>			<u>Riegle/Griffin</u>			<u>Baker</u>		
	HC	CO	NOx	HC	CO	NOx	HC	CO	NOx
1978	1.5	15.0	2.0	1.5	15.0	2.0	1.5	15.0	2.0
1979	.41	3.4	2.0 ^{1/}	1.5	15.0	2.0	1.5	15.0	2.0
1980	.41	3.4	1.0	.41	9.0	2.0	.41	3.4	1.0 ^{3/}
1981	same as '80			.41	9.0	2.0	.41	3.4	1.0 ^{3/}
1982	same as '80			.41	9.0	1.0 ^{2/}	.41	3.4	1.0

^{1/} 10% of the cars must meet 1.0 NOx in 1979.

^{2/} Waiver to 2.0 NOx of unlimited duration.

^{3/} Waiver is provided up to 2.0 NOx for vehicles which utilize new engine systems or non-precious metal catalysts.

-- The Administration is supporting the Committee (Muskie) standards which are more stringent than those we proposed earlier this year. If the Committee's recommendation passes, then the conference compromise will probably be similar to our original proposal. The issue is very close with EPA's count showing us three votes behind at this point. Administration congressional liaison staff will be talking with all uncommitted and convertible Senators when they get back from the Memorial Day Recess on Monday. If by Wednesday victory is not assured, Senator Muskie (and the Committee) will probably support Senator Baker's proposed substitute for the Riegle-Griffin amendment. In that event, the Baker substitute should be adopted by the Senate.

6. PANAMA CANAL

-- As you know, the press has carried stories indicating treaty negotiations are in the final stages and disclosing some of the substantive provisions. Consequently, State is increasingly anxious to broaden and accelerate its briefing schedule for congressional leaders. State is hopeful you will be able to brief key Members on the treaty at the Wednesday morning foreign policy meeting.

-- It is essential to our success in Congress that the Canal security provisions in the treaty be emphasized in the strongest terms as soon as possible. Apparently, our negotiators have achieved a favorable settlement in the very area of most concern to treaty opponents on the Hill and elsewhere in the country. We are aware, however, of State's concern that early disclosure of the detailed security provisions, as they are interpreted by the U.S., could delay conclusion of the negotiations and undermine General Torrijos' political position.

7. HATCH ACT

-- The House is scheduled to conclude consideration of the bill on Tuesday. Rep. Bill Clay will offer an amendment as substitute for the Ashbrook amendment to provide that no employee organization can coerce employees for political purposes (this includes interfering with an employee's right to vote, to give or withhold a political contribution or to engage or not engage in any form of political activity). The Clay substitute does not include the provisions of the Ashbrook amendment which bar employee organizations from using dues, fees or assessments for political purposes.

-- Sixty-four of the Ashbrook supporters have indicated to Rep. Clay that they will support the Clay substitute (AFL-CIO indicates that the number may be as high as 80). There will be additional amendments offered by Reps. Ryan, Volkmer, Allen, Taylor, Rousselot, and Derwinski. It is anticipated that the bill will pass without further surprise amendments. White House staff is working closely with Rep. Clay and Rep. Spellman to insure passage.

FLOOR ACTIVITIES FOR WEEK OF JUNE 6

House

Monday -- 2 Bills Considered Under Unanimous Consent as follows:

- 1) H.R. 2931, Preemption of Certain State Laws
- 2) H.R. 3447, Survivor Annuities

-- 9 Bills Considered Under Suspension of Rules as follows:

- 1) S. 955, Federal Crop Insurance. To be managed by Rep. Jones (D-Tenn), Chairman of the Agriculture Conservation and Credit Subcommittee.

Bill Summary: This bill increases the Federal Crop Insurance Corporation's capital stock limit to \$150 million from \$100 million. The stock will be purchased by the Treasury Department at the request of the Corporation's Board of Directors and with the approval of the Secretary of Agriculture. The bill was requested by the Agriculture Department.

- 2) H.R. 75, Soil and Water Conservation Act. To be managed by Rep. Jones (D-Tenn), Chairman of the Agriculture Subcommittee on Conservation & Credit.

Bill Summary: This legislation provides for the establishment of a long range national policy concerning the conservation, protection, and development of the Nation's land, water, and related resources on non-federal lands. To this end, the Secretary of Agriculture would be required to prepare an appraisal of such resources as well as a national program plan for their management. According to OMB, the Administration would prefer to limit the scope of the bill to agricultural lands.

- 3) S. 1240, Wheat Quota Referendum Extension. The measure will be managed by Chairman Foley.

Bill Summary: This bill defers the national wheat marketing quota referendum for the 1978 crop year until 30 days after the sine die adjournment of the first session of the 95th Congress or October 15, 1977, whichever is earlier. The deferment is intended to provide time until new farm legislation has been enacted. The Agriculture Department supports the bill.

- 4) H.R. 6794, FEA Authorization. To be managed by Rep. Dingell, Chairman, Energy & Power Subcommittee.

Bill Summary: This bill extends the FEA Act through September 30, 1978, and extends through December 31, 1978, FEA's authority to require power plant conversions to coal under the Energy Supply and Environmental Coordination Act. The bill, also, provides for additional \$60.7 million for FEA for FY 1977 and \$721.8 million for FY 1978. In its report, the committee states that this year's budget request was increased by 10% to allow the agency budgetary flexibility to facilitate the merger with the Energy Department. Similarly, the committee states that extensions of some FEA authorities were included to allow time for the merger to take place.

- 5) H.R. 6893, State Taxation of Members of Congress. To be managed by Rep.

Danielson, Chairman of the Judiciary Subcommittee on Administrative Law and Governmental Relations.

Bill Summary: This bill provides that Members of Congress may not be treated as residents of a state or a political subdivision for income tax purposes if they reside there to attend sessions of Congress. (This would not apply to Members who are elected from those states.) The bill effectively exempts Members of Congress from income taxes of the State of Maryland. The District of Columbia and the State of Virginia already have laws which exempt Members of Congress living there from local income taxes.

- 6) H.R. 5023, Indian Claims Filing Extension. To be managed by Rep. Danielson.

Bill Summary: This bill extends to December 31, 1981, the statute of limitations under which the Federal Government as trustee for Indians may file suit for damages which occurred prior to July 18, 1966. Both the Justice and Interior Departments support the bill.

- 7) H.R. 4585, Indian Claims Commission Authorization. To be managed by Rep. Danielson.

Bill Summary: This bill authorizes \$2.25 million for expenses of the Commission in FY 1978 and amends the Indian Claims Commission Act to facilitate transfer of cases to the U.S. Court of Claims when the Commission expires. The Interior and Justice Departments support the bill.

- 8) H.R. 2502, Ultradeep Well Drilling. To be managed by Rep. Kazen, Chairman of the Interior Subcommittee on Mines & Mining.

Bill Summary: This bill extends the term of 17 oil and gas leases located in Wyoming for an additional three years to permit the lessee (Rainbow Resources Group) to drill ultradeep wells. In exchange for the extension, the bill raises the rent on the leases from \$1 to \$5 an acre for the first year of the extended term and from 50¢ to \$2 an acre thereafter. The bill authorizes the Secretary to impose specific conditions to assure prompt development of the leases and allows the Secretary to require drilling within a specific time. The bill, also, provides for termination of the leases if there is a violation of conditions imposed by the Secretary.

- 9) H.R. 2437, Manassas National Battlefield Park Expansion. To be managed by Rep. Phil Burton, Chairman of the Interior National Parks & Insular Affairs Subcommittee.

Bill Summary: The bill expands the Manassas National Battlefield Park in Virginia by approximately 1,900 acres, from 3,000 acres to not more than 4,900 acres. The Department of the Interior supports the expansion.

- H.R. 6990, Military Construction Authorization for FY 1978. To be managed by Rep. Nedzi, Chairman of the Armed Services Subcommittee on Military Installations & Facilities.

Bill Summary: According to OMB, as reported by the House Armed Services Committee, this legislation exceeds the President's FY 1978 budget request by \$190 million in total obligational authority. Thus, the Administration urges that the overall military construction authorization be reduced to the level recommended by the President (\$3.198 BILLION exclusive of future year munition plant authorization). Rep. Hagedorn (R-Minn) or Rep. Crane (R-Ill) may offer an amendment to eliminate the applicability of the Davis-Bacon Act (which requires the payment of prevailing wages) to construction projects authorized in the bill.

- S. 521, Conference Report on JFK Center Amendments. To be managed by Rep. Mineta, Chairman of the Public Works Public Buildings Subcommittee.

Bill Summary: The conference agreement authorizes \$4.7 million for the repair of leaks and resulting damage at the John F. Kennedy Center for the Performing Arts.

- Tuesday -- H.R. 10, Hatch Act Amendments. To be managed by Rep. Clay, Chairman of the Post Office Subcommittee on Civil Service.

- H.R. 7010, Victims of Crime Act of 1977. To be managed by Rep. Mann, Chairman of the Judiciary Subcommittee on Criminal Justice.

Bill Summary: The bill provides federal compensation to victims of violent crimes to cover medical bills, loss of wages, and other expenses. The bill authorizes \$40 million in FY 1978, \$50 million in FY 1979, and \$60 million in FY 1980 for federal grants to states with qualified crime victim compensation programs. The grants will cover 50% of the payments that a state makes to a crime victim, up to \$50,000. In cases where crimes occur on federal enclaves, such as Indian reservations, the federal government will pay 100% of the compensation, up to \$50,000. The following amendments may be offered:

* To provide that the federal government will make grants to states of 25% of amounts up to \$50,000 paid to victims of crime instead of 50% of amounts up to \$50,000.

* To provide that the federal government will make grants to states of 50% of amounts up to \$25,000 paid to victims of crime instead of 50% of amounts up to \$50,000. Also, provides for the reduction from \$50,000 to \$25,000 the maximum federal payment to victims of crime occurring in federal enclaves.

* To incorporate a Victims of Violent Crimes program into the Law Enforcement Assistance Administration (LEAA) and provide the additional funding.

* To require eligible state programs to assess criminals convicted of certain crimes a fine of \$5 or \$10 to generate revenues for the state victims of crime compensation funds.

The Administration, according to OMB, would support enactment of the bill if the maximum compensation for each claim is reduced to \$20,000 and the federal share of compensation to state crime victims does not exceed 25% of the total of each such claim.

- Wednesday -- H.R. 7552, Treasury-Postal Service-General Government Appropriations.
To be managed by Rep. Steed, Chairman of the Appropriations Treasury,
Postal Service & General Government Subcommittee.
- H.R. 7557, Transportation-Related Agencies Appropriations. To be managed
by Rep. McFall, Chairman of the Appropriations Subcommittee on Transportation.
- Thursday -- H.R. ?, Department of the Interior-Related Agencies Appropriations. To be
managed by Rep. Yates, Chairman of Appropriations Interior Subcommittee.
- Friday -- H.R. 7556, State-Justice-Commerce-Judiciary-Related Agencies Appropriations.
To be managed by Rep. Slack, Chairman of the Appropriations Subcommittee on
State, Justice, Commerce & Judiciary.

Senate

- The Senate will consider the Housing Bill (S. 1523) and the Clean Air Bill
(S.252) next week.

Congressional Action	Request	(in millions of dollars)		Enrolled
		House	Senate	
APPROPRIATION BILLS, 1978:				
Agriculture:				
Commodity Credit Corporation.....	1,234	524		
Other.....	11,683	12,134		
Total.....	12,917	12,658	r/	
Defense.....	113,877	111,117	n/	
District of Columbia.....	488			
Foreign Assistance.....	7,589	6,789	n/	
HUD-Independent Agencies..	70,718	70,230	r/	
Interior.....	9,974	9,474	n/	
Labor/HEW:				
Labor.....	6,205	5,525		
HEW.....	53,094	54,541		
Other.....	1,118	1,268		
Total.....	60,417	61,334	r/	
Legislative.....	1,055			
Military Construction.....	3,016	2,820	r/	
Public Works-ERDA:				
Energy research and development.....	6,272	5,916		
Public works and other..	3,881	4,093		
Total.....	10,153	10,009	r/	
State-Justice-Commerce:				
LEAA.....	704	600		
Small Business Administration.....	623	964		
Other.....	6,063	6,054		
Total.....	7,390	7,618	r/	
Transportation.....	6,167	6,135	r/	
Treasury-Postal Service...	7,593	7,547	r/	
AUTHORIZATION BILLS:				
Black lung reform (net offsetting receipts).....	992	1,566 r/ (574)	867 n/ (-125)	
Veterans compensation and pension reform.....	9,497		9,997 n/ (500)	
Farm bill 1/.....	3,172	3,172 r/	3,652 (480)	
AFDC/SSI revisions.....	5,817	6,222 n/ (405)		

n/ Not reported.

r/ Committee report.

1/ Outlay estimates.

Figures in parentheses are changes to 1978 outlay estimates.

THE WHITE HOUSE
WASHINGTON

Mr. President:

TWO SIGNATURES REQUESTED on the
attached proclamations:

"Fathers Day, 1977," and
"National Safe Boating Week."

Both have been edited by Jim Fallows.

*

*

It would be possible to amend the Executive Order governing presidential proclamations to permit the Vice President and/or Cabinet Officers to issue proclamations as well as the President, and hence reducing the number of proclamations which come to the President. Do you wish us to pursue this possibility?

✓ yes *V.P. only*

 no, I'll continue to sign

*I don't want number of
proclamations to proliferate
JC*

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THE WHITE HOUSE
WASHINGTON

June 6, 1977

The Vice President

The attached was returned in
the President's outbox and is
forwarded to you for your
information.

Rick Hutcheson

Re: Letter from Ben W. Fortson
Secretary of State of Georgia